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NEWS SUMMARY

GENERAL

Offer may end Times strike

The journalists' pay dispute, which stopped production of The Times since last Friday, seems virtually settled following a formal offer tabled by the management.

The paper could be back on the streets tomorrow if the deal is endorsed by the 280 journalists, whose leaders were confident of success. The management pledged "strenuous efforts" for a Saturday edition.

The staff, who have been demanding a 21 per cent rise recommended by an independent arbitrator, will be presented with an 18-month deal, including a £1,000 flat payment: Back Page

Blockade eases

Striking fishermen eased their two-week blockade of French ports, with cross-Channel traffic slowly returning to normal. Passenger services were open at all ports except Dieppe, Cherbourg and Boulogne. Page 2

Cheap flight plan

British Caledonian Airways is to offer a £20 single standby fare between London and Glasgow, 58 per cent cheaper than its peak fare and £5.60 less than British Rail's single ticket. Back Page

Jordan Premier

King Hussein of Jordan named Modar Badran to be the new Prime Minister with a reshuffled Cabinet. He was told to maintain the high quality of the army and the security forces. Page 4

TV show ban

The High Court has banned Thames Television from screening a programme about Primodos, a discontinued pregnancy testing drug, after Schering Chemicals, which distributes it, sought an injunction.

Priest jailed

Dissident Russian Orthodox priest Father Gleb Yakunin was sentenced to five years of hard labour and five years of internal exile after being convicted of anti-Soviet agitation and propaganda. Page 2

Fire death charge

Tight security surrounded London's Bow Street court when John Thompson, a general dealer from Hackney, was charged with murdering one of the 37 victims of a Soho drinking club blaze.

Island surrender

Rebel leader Jimmy Stevens told Vanuatu Government in the Pacific that he will surrender today, ending the rebellion on Espiritu Santo island.

'Cover-up' denial

The Foreign Office issued a six-point denial after a magazine alleged a cover-up over the death in Saudi Arabia of British nurse Helen Smith and her Dutch boyfriend.

Irish top drinkers

The Irish are spending 13 per cent of their income on alcohol, more than in any other European nation, says the Medico-Social Research Board of Ireland.

Briefly . . .

India honoured the late Earl Mountbatten by issuing a special stamp on the first anniversary of his death.

Australia were 227-2 (Wood 100 n.o.) on the first day of the Centenary Test against England at the Oval.

BUSINESS

Equities off 8.8; dollar weaker

● DOLLAR finished close to its lowest levels of the day against most major currencies. It closed at DM 1.7870 (DM 1.8005), SwFr 1.6440 (SwFr 1.6615), and Y218 (Y219.65). The currency's trade-weighted index was 83.9 (84.3). Page 29

● STERLING also weakened in fairly active trading, closing at \$2.3895 (\$2.3910). Its trade-weighted index was 75.9 (76.2). Page 29

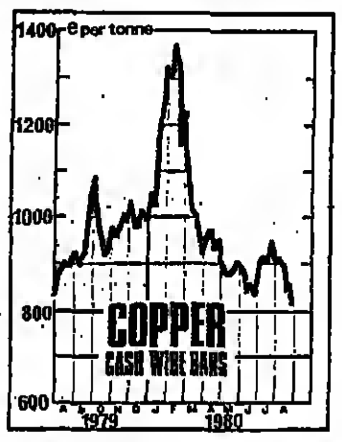
● GOLD closed \$1 lower at \$635.5 an ounce in London. Page 29

● EQUITIES were depressed by second-quarter figures from ICI which were much worse than expected. The FT 30-share index, which had lost 11.0 by 2 p.m., closed 8.8 down at 482.7. Page 32

● GILTS eased again, and the Government Securities index finished 0.55 lower at 67.7. Page 32

● WALL STREET was down 4.69 at 938.40 before the close. Page 30

● COPPER fell £40.5 a tonne to close at £816.5, its lowest level for 13 months, on prospects of the U.S. copper workers' strike



being settled. Demand for the metal is low worldwide. Page 31

● TUC General Council will ask for a meeting with Mrs. Margaret Thatcher, the first since she became Prime Minister, to demand immediate action to stem unemployment. Back Page

● FIRE DAMAGE at Alexandra Palace, London, last month resulted in claims totalling £31m being made on British insurance companies. Page 7

● ENERGY consumption in Britain in the first half of this year was 8.4 per cent lower than in the corresponding period of 1979. Oil was the fuel most affected. Page 6

● INTERNATIONAL Monetary Fund plans to raise about \$25bn from oil-producing nations in the next three years to help developing countries.

● RUSTENBURG and Impala, South Africa's two major producers of platinum, have raised their price for the metal from \$420 to \$475. Page 31

COMPANIES

● PLESSEY, the electronics and telecommunications group, raised its first-quarter pre-tax profits by 41.6 per cent to £18.66m on sales which increased by 13.8 per cent to £193.5m. Page 18; Lex, Back Page.

● YORKSHIRE CHEMICALS improved its first-half taxable profits from £348,000 to £408,000, but the directors decided to postpone consideration of a dividend payment until the year-end as a difficult second period is expected. Page 18

● GENERAL MOTORS, the leading U.S. car maker, will spend Es2.8bn (£23.3m) on expanding its operations in Portugal. Page 23

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Caffyns	168	+ 8
Carrington Inv.	120	+ 10
Rentokil	164	+ 5
Venterspost	763	+ 30
FALLS		
Treas. 3pc 1982	£90¼	− ⅝
Treas. 12¾pc 1992	£93¾	− 1
Assed. Dairies	212	− 8
Barclays Bank	412	− 8
Beecham	149	− 6
Blue Circle	358	− 8
British Home Stores	155	− 13
Distillers	218	− 5
Dowty	241	− 13
Fidelity Radio	31	− 6
Grand Met.	180	− 5
GUS A	452	− 10
House of Fraser	137	− 6
ICI	354	− 6
Land Secs.	358	− 8
MEPC	228	− 8
Newman Inds.	31	− 4
Quick (H. and J.)	34½	− 5½
Redfearn Nat. Glass	183	− 7
Redland	173	− 11
Royal Worcs.	303	− 17
Stand. Telephones	415	− 10
Sunbeam Wolsey	18	− 4
Tesco	57	− 3
Vinten	166	− 8
Whitbread A	155	− 6
Yorks. Chemicals	32	− 2
Berkeley Explor.	175	− 13
Pict Petroleum	310	− 30
Ashton Mining	140	− 12
Bond Corpn.	128	− 10
Bougainville	110	− 7
EZ Inds.	310	− 20
MIM Hldgs.	250	− 8
Pancontinental	350	− 20
Western Mining	288	− 10

Carter package of tax cuts and aid for industry

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT JIMMY CARTER yesterday proposed a \$27.5bn tax cut package for 1981 that would provide some relief to individuals, but which is heavily weighted towards encouraging U.S. industry to invest more and regain international competitiveness.

He has also proposed a \$4.7bn increase in public spending in the fiscal year which starts on October 1, with about \$1bn going to cities and States where the slump in the car, steel and housing sectors has raised unemployment, and another \$1bn provided as bonuses to companies investing in those regions.

The President unveiled his "economic revitalisation" programme at the White House a little over two months ahead of the presidential election. He said it would create an extra 400,000 jobs by the end of next year and nearly 1m by the end of 1982.

Billed as a foundation for U.S. economic growth in the 1980s, the programme is designed to "reinforce recovery without rekindling inflation" and to deal with the longer term problems of the decade, such as enhancing competitiveness, energy security and productivity, Mr William Miller, the Treasury Secretary, told reporters.

Mr. Carter is asking Congress to approve only one element of his package immediately. This is an extension of federally-financed supplementary benefits for laid-off workers from 39 weeks to 52 weeks, costing the Government an extra \$750m next year.

The rest of the package would be presented to Congress next January, if Mr. Carter wins the election. In fact, the Senate Finance Committee has already approved a \$39bn tax cut for next year, with more relief to individuals than the Administration plan.

The Carter package, which includes faster and simpler depreciation for business investment, more Federal money for research and development, lighter tax treatment for Americans working abroad and approval of export trading companies, could increase real Gross National Product by 2 per cent after two years and investment by 10-11 per cent, said Mr. Charles Schultze, chairman of the President's Council of Economic Advisers.

David Lascelles in New York adds: Major U.S. banks yesterday raised their brokerage rates by between ¼ and ½ percentage points to 11 per cent, another indication of the upward trend in U.S. interest rates. The move came after banks increased their Prime Rates earlier this week to 11½ per cent, a move which Citibank of New York belatedly joined yesterday.

U.S. economy, Page 16

MAIN POINTS

● *Encouragement for investment.* Depreciation rates for new assets would be speeded by 40 per cent, and the classes reduced from 130 to 30.

● "Economic Revitalisation Board" will be set up to foster co-operation between Government and industry on regulatory issues.

● Assistance to recession-hit communities in the form of extra unemployment payments, some direct aid to cities and up to \$1bn investment bonuses.

● Defraying of next year's increase in social security taxes by credits to both employers and employees, and a special deduction to married couples to offset the increased tax penalty of filing returns jointly.

Call for increased public spending or tax cuts

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE Government should increase public spending or cut taxes to avoid making the recession even worse, the National Institute of Economic and Social Research says in its new quarterly review published this morning.

The institute, an independent research organisation, warns that the prospects for unemployment are probably the worst since the 1930s. Although output may recover modestly next year, after a substantial fall this year, unemployment is likely to continue rising for some time after 1981.

There is the danger, according to the institute, that if the increase in money wages decelerates the main immediate result will be a reduction in demand, making the recession even worse.

"Unless the Government takes the view that even higher levels of unemployment are needed, there seems to be no reason why it should not use fiscal policy to bring about a rise in consumers' expenditure and in output in 1981."

The institute doubts whether a reduction in real (inflation adjusted) wages can anyway be secured under free collective bargaining and without changes in the wage bargaining system.

Calls for fiscal reflation and an incomes policy (although these words are not used) have been frequently made by the institute, a prominent critic of monetarist policies, and they do not carry much weight with the present Government.

The Treasury would argue that any reduction resulting from lower money wage rises

Continued on Back Page
Editorial comment, Page 16
National Institute review, Page 8

COMPARISON OF FORECASTS

Percentage change from previous year

		National Institute (August)	London Business School (June)
Gross Domestic Product	1980	− 1.8	− 2.3
	1981	+ 0.6	− 0.4
Consumer spending	1980	+ 0.5	+ 0.2
	1981	+ 0.1	− 0.5
Consumer prices	1980	+16.7	+18.2
	1981	+15.3	+15.5
Current account, £bn	1980	− 0.8	− 1.9
	1981	+ 2.0	+ 0.25
Unemployment millions*	1980	1.75	1.67
	1981	2.19	1.94

* Figures for fourth quarter of each year in Great Britain.

Sterling slips after recent gains

BY OUR ECONOMICS CORRESPONDENT

STERLING yesterday fell sharply against both the French franc and the West German Deutschemark after its big gains of the last few days.

The dollar also fell as the previously weak Continental currencies staged a partial recovery.

Foreign exchange dealers referred to fairly active business. There were reports of one or two large sellers, possibly from the Middle East.

Sterling may have been helped earlier in the week by expectations that UK interest rates will remain high and by reports of further North Sea oil finds.

It is possible oil companies had been buying sterling ahead of the large, £1bn plus, payment of Petroleum Revenue Tax due on Monday.

The result yesterday was that the pound fell from its previous four-year high of DM 4.30¾ to DM 4.27½, although this still compares with a rate of DM 4.18½ at the beginning of the month. Sterling slipped from a 5½-year high of FFr 10.01 to FFr 9.93 last night, compared with FFr 9.71 at the beginning of August.

Sterling held up better against the dollar, closing only 15 points down on the day at \$2.3895 compared with a day's trading range of \$2.3965 to \$2.3855.

The sterling trade-weighted index fell 0.3 points to 75.9 after touching 76.3 in the morning.

The dollar finished near its lowest levels of the day against most currencies, closing at DM 1.7870 compared with DM 1.8005 previously.

Currencies, Page 29

£ in New York

—	Aug. 27	Previous
Spot	\$2.3950-3960	\$2.3820-3830
1 month	1.45-1.40 dis	1.35-1.30 dis
3 months	2.88-2.83 dis	2.90-2.85 dis
12 months	6.15-5.95 dis	6.40-6.30 dis

Slump in demand cuts ICI profit 52%

By Sue Cameron, Chemicals Correspondent

A DRAMATIC fall in demand for petrochemicals, plastics, fibres, dyestuffs and oil products cut Imperial Chemical Industries' pre-tax profits by 52 per cent between the first and second quarters this year.

The group said yesterday it saw no immediate prospect of an improvement. Its pre-tax profits between April and June amounted to only £72m.

Basic commodity chemicals normally account for half the group's sales. The fall in demand was concentrated in Western Europe.

Fibres' consumption have gone down 30 per cent since the start of the year and volume sales of petrochemicals have dropped by between 20 per cent and 30 per cent over the same period.

ICI's profit margins suffered accordingly and the group said that trading conditions were continuing to "deteriorate."

It said it had been forced to cut its oil refining operations by about 50 per cent between April and June because "there is no profit to be made there."

Trading profit on its oil business rose by only £4m to £29m between the first and second quarters of the year despite an increase in crude production from the North Sea's Ninian field where ICI has a 19.2 per cent stake.

ICI said its £72m pre-tax profits for the second quarter of 1980 were "very disappointing" compared to the £152m it made in the first three months of the year and the £162m in the second quarter of last year. The £72m figure comes after a currency exchange loss of £17m.

The group's sales between April and June were £1.452bn—4.6 per cent lower than the 1.523bn of the first quarter. ICI's UK exports also fell from £349m in the first quarter to £291m in the second.

Sales for the first half of 1980 were higher than for the same period last year—£2.975bn as against £2.567bn. But pre-tax profits for the first half were down to £224m compared with £260m in 1979.

The group said its poor results came despite comparatively strong performances from its pharmaceutical and fertiliser divisions, which had

Continued on Back Page
Company report, Page 19
Lex, Back Page

Polish strike leader calls for moderation

BY OUR FOREIGN STAFF

MR. LECH WALESA, leader of the striking shipyard workers in Gdansk, appealed yesterday to workers elsewhere in Poland not to take any action that would spread social unrest before the negotiations with the Communist Party leadership had been completed.

Mr. Walesa's appeal, made to delegates from other plants assembled at the Lenin Shipyard in Gdansk, appeared to be a conciliatory gesture towards Government negotiators, led by Mr. Mieczyslaw Jagielski, the Deputy Premier.

On Wednesday night Mr. Jagielski said that agreement had been reached on most of the strikers' demands, except on the issue that they regard as central—the establishment of free trade unions independent of the existing State-run union organisation.

A full negotiating session scheduled to begin last night was delayed, apparently to allow the two sides to continue less formal talks in small groups which have been examining the detailed implications of the demand for independent unions.

There has been no sign so far that the Polish leadership has in any way softened its previous refusal to contemplate this step, which it has appeared to include under the heading of demands that would threaten the very basis of the Communist system in Poland.

Standstill

Dissidents said strikes were gaining ground in Poland's second-largest city, Lodz, and in the southern city of Wroclaw near the Silesia coal-mining region.

The number of plants affected in Wroclaw had risen to 38, they said. All transport was at a standstill apart from a few private taxis allowed to run by strikers.

Mr. Walesa told the meeting at the Lenin shipyards: "It is not good to have Poland terrorised." He said he was making the appeal at the request of Government negotiators.

Before the resumption of talks between the Government and the strikers, the position of the two sides appeared to have hardened. Mr. Walesa described them as "separate, polarised and apart."

The Communist Party newspaper Trybuna Ludu said the strikers' main demand for trade unions free of party control was striking at the whole Polish State.

The creation of rival trade unions would split the unity of the Polish working class, provoke internal struggle and bring anarchy into public life, it said.

Trybuna Ludu said it would mean "an entirely new structure which, under one name or another, would be a de facto political movement absorbing and proclaiming conceptions contradicting the Socialist system and order."

The Government had appeared willing to discuss a possible limited form of free trade unions when it proposed setting up a joint group of experts to define the strikers' demand.

Cast doubt

One strike leader said he thought the talks had been progressing until Mr. Jagielski appeared to cast doubt on the issue in a television speech on Wednesday night. The Deputy Prime Minister said: "We believe that this crisis of confidence can and must be overcome within the framework of existing union bodies."

In the western port of Szczecin, Mr. Kazimierz Barcikowski, the Government negotiator, failed to turn up yesterday for two scheduled rounds of talks with strikers.

In Warsaw, the official Polish news agency Interpress denied that Mr. Edward Gierek, the Communist Party leader, was likely to lose his post because of the two-week strike. Interpress was reacting to strong rumours in Warsaw that Mr. Gierek might be replaced by Mr. Stefan Olszowski, a former foreign minister.

Mr. Olszowski, an outspoken critic of Mr. Gierek, was appointed ambassador to East Germany after being dropped from the politburo in February. But he was brought back into the politburo last week in the Government shake-up in which Prime Minister Edward Babiuch was dismissed.

Allies hope to isolate strike's effect, Page 2

Teachers' threat

More than 1,000 members of the National Association of Schoolmasters and Union of Women Teachers, in Northamptonshire are threatening strike action unless assurances are given by the county council next Tuesday that no more teaching jobs will be lost through expenditure cuts. Nearly 150 teachers are at present expected to lose their jobs.

Who is No.1 in lift trucks...
HYSTER?
SEE PAGE 15

CONTENTS

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Polish allies try to head off strike effects

BY PAUL LENDVAI IN VIENNA

CONCERN IS growing in Eastern Europe about the wider consequences of the Polish crisis. In Romania and Czechoslovakia there have been well-publicised warnings to workers not to follow the example of the Polish strikers. The Hungarian authorities have prevented dissident intellectuals from travelling to Warsaw.

The concern of President Ceausescu's Government in Romania was underlined in an editorial of the Communist Party newspaper, Scinteai, yesterday, which warned Romanians by implication that strikes "cannot resolve but only complicate economic problems."

The Romanian paper expressed the hope that Poland would resolve its problems without intervention from the outside—which Scinteia made clear primarily involved the Western media.

President Ceausescu . . . *potential problems*

Some Western comments could only aim at dramatising and distorting the events, according to the Romanian paper, which said the talks between the Polish leaders and the strikers were characterised by an atmosphere of "constructive spirit and mutual understanding."

The Romanian leadership, faced with grave economic problems, is evidently afraid of similar strike actions. Some 30,000 miners stopped work in the summer of 1977, and there have been sporadic labour troubles in the last few weeks. The newspaper said economic problems could be found in any

Czech and Hungarian dissident intellectuals have sought to *express their solidarity* with the striking workers in Poland however.

Two spokesmen for the "Charta 77" human rights movement in Prague, Mr. Milos Rejchart and Mrs. Maria Hromadkova, expressed support for the Polish strike committee and said the action of the Baltic workers would bring positive results not only for the Polish working class but also for human rights in the world as a whole. The message was handed to a Western correspondent stationed in Prague.

Five Hungarian human rights activists have been prevented by the police at Budapest airport from leaving Hungary for Poland. The five are among the 184 signatories of a declaration of solidarity with the Charta 77 movement, issued earlier this year in Budapest. Police apparently confiscated their passports but did not detain them.

The Czech Communist Party organ, Rude Pravo, has warned that Western propaganda dramatises events in Poland, blows them up to "absurd dimensions" and uses them for slanders and insults against the Polish leadership.

Directors of Western propaganda were eager to see events become even more complicated and to see the emergence of conflicts which they could use for further slandering of socialism, the party paper said.

Tass, the official Soviet news agency, is more often using such quotes from Czech and East German newspapers in its service for foreign subscribers.

While the entire East European Press relies only on official Polish sources in reporting the industrial unrest, the Yugoslav newspapers are covering the crisis in depth and *factually.*

Channel ports almost back to normal

By Robert Mauthner in Paris

PASSENGER traffic in several Channel ports began to return to normal yesterday, after the French Government had taken a firm stand on the month-old fishing dispute and the navy intervened to break the fishermen's blockade of oil ports.

Since yesterday morning, ferry services to England were reported to be running more or less normally from Calais, Dunkirk, Le Havre, St. Malo and Roscoff. But Dieppe, Cherbourg and Boulogne were still closed to passengers. The situation remained particularly tense in Boulogne, where truck drivers, frustrated by the fishermen in their attempts to transport and deliver their goods, have *organised* a counter-strike.

Trawlermen, who managed at one point to block France's two main oil terminals at Fos-sur-Mer and Antifer, near Le Havre, were yesterday nursing their wounds from their sea battles with naval vessels armed with water cannon.

The two oil terminals were open to traffic yesterday, but the blockading fishing boats had suffered heavy damage. This is estimated at FFr 2m (£200,000) for those which took part in the Antifer skirmishes alone.

At a nearby fishing port to which the trawlers had withdrawn, the defeated fishermen publicly burned their tricolor flags in an angry gesture of protest that the navy had agreed to fight seamen of their own nationality.

The fishermen and the Left-wing trade unions are particularly incensed by the authorities' decision to use riot police on naval vessels to break the trawlers' blockade.

Meanwhile, a Government mediation commission met the two sides of the trawler industry in Paris to seek a solution to the dispute, after the Communist-led CGT union had rejected as unsatisfactory the Government's measures for improved marketing arrangements, bigger subsidies for the modernisation of fishing fleets and better price support.

THE WEST GERMAN ECONOMY

Cost of living figures signal inflation rate slowdown

BY OUR BONN CORRESPONDENT

WEST GERMAN cost of living figures for August, just released, give further evidence that the underlying inflation rate here is now slackening.

Preliminary data from the Federal Statistical Office show that the cost of living this month was 5.5 per cent higher than in August last year. This compares with an annual rate also of 5.5 per cent in July and rates of 6 per cent in both May and June.

Meanwhile the cost of living this month was only 0.1 per cent higher than in July. This compares with monthly increases of 0.2 per cent in July, and 0.5 per cent in June.

It has long since been clear that the Government's hopes of an average inflation rate this year of about 4.5 per cent cannot be fulfilled. But it is felt possible that the annual rate will have fallen to around 5 per cent by the end of the year and that the average for the whole of 1980 will be between 5 and 6 per cent.

The slackening in inflation is accompanying a gradual economic downturn in which the Bundesbank has so far not been ready to relax its high interest rate policy, although it has moved to ease the liquidity position of the banks.

Factors expected to cut the inflation rate further in coming months include some reduction in the rate of increase in import prices. For the Bonn Government, the present cost of living figures are coming at a convenient moment, with a general election only five weeks away.

● Kloeckner Werke AG said yesterday that it awaits a decision on possible State aid before it goes ahead with a coal gasification project in its Kloeckner Huette Bremen plant, Reuter reports

Heading back to a familiar virtuous circle

BY JONATHAN CARR IN BONN

WEST GERMANY'S visible trade surplus is likely to increase next year, its current account deficit—while still large—should decline, and the Deutsche Mark stands a good chance of strengthening, at least in nominal terms.

At first sight, these conclusions in a report by the IFO economic institute of Munich seem surprising. The trade surplus in the first half of this year has been cut to DM 4.5bn (£1.05bn), compared with DM 14.9bn in the same period of 1979. Even a trade deficit for a month or two—almost unheard-of for the West Germans—cannot be ruled out.

The current account — the balance when deficits on services and transfer payments have been deducted from the trade surplus—was DM 12.3bn in the red in the first half, compared with a deficit of "only" DM 10.1bn for the whole of 1979. And the Deutsche Mark has been declining against every major currency except the lira and the Swiss franc.

None the less, the relatively optimistic IFO projections are well worth taking very seriously. This is not just because the institute was among the first correctly to forecast West Germany's plunge into current-account deficit. It is also because its underlying economic arguments are very much in line with those of the Bonn Government. Further, the expected strengthening of the country's payments position has important implications for the Bundesbank (the Central Bank)—currently keeping its key interest rates high to attract capital imports and thus help to finance the current-account deficit.

The main reason so far for the fall in the trade surplus has been a further worsening of West Germany's terms of trade—with export prices rising by an average of 7 per cent in the first half and import prices (not least of oil) by no less than 18.5 per cent. But if the price factor is excluded, it becomes clear that West German exports are not becoming fundamentally less competitive on world markets—rather the reverse. In real terms, West German exports rose in the first half by 8 per cent, and imports by only 6 per cent.

IFO now believes that with the gradual economic downturn in Western industrialised countries, raw materials prices will fall somewhat. Big stocks of crude oil in oil-consuming countries, as well as energy-saving measures, will help to prevent a sharp rise in oil prices (barring a new Middle East crisis). This will help to keep West Germany's import bill down.

BALANCE OF PAYMENTS ON CURRENT ACCOUNT			
Visible trade	**% change over previous year**		
	1979	1980	1981
Exports (real)	+7.1	+5.0	—0
Imports (real)	+9.1	+5.0	+0
Exports (nominal)	+10.4	+13.0	+3.5
Imports (nominal)	+19.8	+18.0	+2.0
Current account	**Balance (DMbn)**		
A) Visible trade (nominal)	+22.4	+10.0	+16.0
B) Supplementary trade items	+0.7	+1.0	+1.0
C) Services	—12.4	—15.0	—14.0
D) Transfers	—20.8	—23.0	—23.0
E) Current account balance (A+B+C+D)	—10.1	—27.0	—20.0

Source: Deutsche Bundesbank and IFO Economic Institute; 1980 and 1981 figures, IFO estimate

West Germany's success as an exporting nation is likely to continue for two reasons. One is that the Deutsche Mark's tendency so far to decline—combined with the large, and in some cases growing, gap between Germany's low inflation rate and that of other countries—will help to keep German export goods price-competitive.

Further, it is noted that while some customer countries such as the U.S. have already gone into a recession from which they should start to emerge next year, others are only now starting to do so. Thus, in contrast to 1974-75, the Western recession is phased, markedly reducing the danger of a sharp general setback in demand for German goods.

This will not stop the 1980 current account deficit from reaching a record figure, which IFO calculates at about DM 27bn. Quite apart from the cut in the trade surplus, the country will have bigger deficits on services (such as German tourists' spending abroad) and on transfers (such as sums sent home by foreign workers).

None the less, IFO believes the trend will be changing in the second half, and that this will become manifest in 1981. Not only will the 1981 trade surplus be larger, the invisible deficit will be reduced. The foreign holiday boom is expected to slacken, for one thing.

According to IFO, the inflation differential between West Germany and other countries will have an increasing impact on the exchange rate in 1981. The outlook, it believes, is thus for some strengthening of the Deutsche Mark which will help to reduce the imported element of German price increases.

None of this is to suggest that the current account deficit will be removed altogether in the near future. But if West Germany is seen to be reducing its deficit while keeping its inflation rate markedly lower than that of other countries, capital will flow in even if interest rates are nominally somewhat lower than elsewhere.

This analysis, with all the reservations applicable to forecasting, suggests that the West German economy may be once again heading for a familiar, virtuous circle, while some of its main competitors stay caught in a vicious one.

Andalucia villages strike over jobs

BY ROBERT GRAHAM IN MADRID

EIGHT VILLAGES and towns near Seville were yesterday disrupted by a strike called to protest against the continued failure of the Spanish Government to deal with unemployment and agricultural reform.

The strike was called by the radical peasants' organisation, Sindicato Obrero del Campo and backed by the anarchist movement, CNT.

The strike is a further sign of the depth of disaffection in Andalucia over diminishing employment in agriculture. A 10-day hunger strike involving up to 700 people in the village of Marinaleda, near Seville, ended only last Saturday. This followed urgent appeals to the Government and a special meeting between Sr. Sanchez Gordillo, the village mayor, and Sr. Salvador Sanchez Teran, the Minister of Labour at the Minister's holiday home.

The hunger strike was to protest against the lack of Government funds for the employment of the rural jobless in civic works. It was called off after the Minister guaranteed money would be made available.

The amount to be made available has not been revealed and there is strong feeling in Andalucia that the Government of Sr. Adolfo Suarez is merely playing for time. Marinaleda was yesterday one of the places paralysed by the one-day general strike. At the same time, the mayors of some 20 Andalucian villages locked themselves inside the Seville County Council building in protest.

The main political parties are concerned at the extent the widespread success of the Marinaleda hunger strike has radicalised Andalucia. (The Socialists and the Communists on Wednesday urged the mayors of towns and villages in the Seville area to seek a negotiated solution.

Sr. Suarez . . . sincerity doubted

But the peasants' organisation appears determined to make the most of the present publicity to pick up supporters and put pressure on the Government. The leader of the organisation, Sr. Paco Casero, was quoted yesterday as saying: neither the Government and the opposition stop making high-sounding declarations and tackle in earnest the agricultural reform that Andalucia urgently needs, or we will begin to make calls for a popular revolt, and civil disobedience."

In parts of Andalucia, the proportion of unemployed is as high as 18 per cent of the active population. This summer, too, there have been fewer jobs available in the hotel industry on the coast. In the past two years, the Government has sought to combat agricultural unemployment in Andalucia by offering jobs in public works. The peasants' organisation argues that this institutionalises unemployment and does not tackle the roots of the problem.

Police hold 12 Bologna bomb suspects

By Rupert Cornwell in Rome

ITALIAN POLICE yesterday arrested 12 suspected right-wing extremists on charges connected with the Bologna station bombing—the biggest round-up so far since the outrage of August 2 in which 84 people lost their lives.

The police dragnet, centred on Rome but including other towns in central and northern Italy, follows the issue of 28 warrants by Bologna magistrates investigating the massacre. A nationwide search ordered simultaneously has also unearthed caches of weapons and other illicit material.

All of those taken into custody are from far-right circles, among them the "NAR" (Nuclei Armati Rivoluzionari) and the fascist-inspired "Ordine Nuovo" (New Order), which appears to have been reconstituted on a clandestine basis since being banned by the Interior Ministry in 1973.

The charges brought so far are various. They range from that of belonging to a subversive organisation, to the illegal possession of arms and explosives, and multiple hold-ups. But some of the suspects are understood to face specific charges of plotting and organising the Bologna bombing.

Sig. Ugo Sisti, the chief public prosecutor, made clear yesterday that the round-up was a first phase, and did not signify that the *investigators* had got to the bottom of the case. So far, he admitted, magistrates had not yet discovered those who had actually carried out the attack *at the station.*

Moreover, those arrested are all Italians, despite indications in the immediate aftermath of the bombing of heavy foreign involvement.

● After its successful vote of confidence on Wednesday night, the Government is now resigned to the fact that it will be unable to secure Parliamentary ratification of its two major economic decrees before their 60-day lives expire on September 1 and September 7 respectively.

With obstructionism continuing unabated yesterday, the three-party coalition headed by Sig. Francesco Cossiga is resolved to represent the decrees when the original ones lapse, incorporating amendments carried by the Senate, but bogged down in the interminable present discussions in the Chamber of Deputies.

Warsaw delays purchase of petrochemical plant

BY OUR FOREIGN STAFF

THE POLISH Government has asked a Japanese trading company to postpone talks on the purchase by Poland of a $100m (£42m) petrochemical plant, according to reports from Tokyo.

Mitsui and Co., which was to provide the plant, said on Thursday that the two sides had been close to agreement. The company said that Warsaw had not indicated why and for how long the negotiations were to be postponed.

There are fears in Tokyo that the postponement is linked directly to the current wave of strikes in Poland and that talks on other industrial equipment sales may also be delayed.

It is more likely, however, that Poland, which is saddled with external debt of almost $20bn, is not in a position to incur additional debt for industrial purchases, especially now that the country has announced that heavy industry is no longer a priority.

Under *present* schedules, Poland is to repay $7.1bn this year and $6.5bn in 1981. Officials in Japanese industry believe that even if the strikes end soon, Poland will not have the foreign exchange to conclude many industrial purchases.

Dissident priest jailed in Moscow

By David Satter in Moscow

FATHER GLEB YAKUNIN, a dissident Russian orthodox priest, was sentenced yesterday to five years of hard labour and five years of internal exile after being found guilty of anti-Soviet agitation.

The verdict and sentence were announced by the Soviet news agency Tass which said that Father Yakunin, the head of the Christian Committee for the Defence of Believers' Rights, had attempted to undermine the Soviet system.

The conviction of Father Yakunin coincides with successful efforts by workers and dissidents in Poland to force the Polish Government to grant more rights to the Polish Catholic Church. It emphasises the very different position of the Russian Orthodox Church, which is under strict Communist Party control.

Several members of the official church hierarchy testified that Father Yakunin's research into the position of Christians in the Soviet Union had hindered them in representing the church at international conferences.

The prosecution called two other church activists, Lev Regelson and Viktor Kapitanchuk, who are awaiting trial on charges of anti-Soviet agitation to testify against Father Yakunin. But both said his work was not aimed at subverting the Soviet system.

Madrid refuses formal talks on Polisario captives

BY OUR MADRID CORRESPONDENT

THREE MONTHS after 15 Spanish fishermen were captured by the Western Sahara liberation movement, Polisario, the Madrid Government is still refusing formal negotiations for their release. This has emerged from a meeting between Premier Adolfo Suarez and members of the fisherman's families.

The stalemate on the issue underlines Spain's dilemma in dealing with Polisario and the strong pressures being brought to bear on Madrid by the Moroccan Government.

According to Polisario statements the captured men were fishing in Saharan waters where they had been warned not to

Polisario is anxious to challenge Morocco's assumption that it can assert sovereignty over waters which were within the territory of the former Spanish colony.

Until early this year the Spanish Government had gone out of its way to establish a working relationship with Polisario. This included a meeting in Madrid between the Spanish Foreign Minister, Sr. Marcelino Oreja and two top Polisario representatives. Polisario had hoped for formal recognition by Madrid, but the meeting produced tough protests from Morocco.

Since then Morocco has pointed out that if Spain wants to retain its vital fishing interests in Moroccan waters it must withhold support for Polisario. A new fishing agreement with Morocco is still pending.

Swedish central bank lifts long-term bond rate 1%

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDEN'S RIKSBANK (central bank) yesterday authorised a 1 per cent increase in interest rates on so-called priority long-term bonds and indicated that it would not reduce its discount rate under prevailing conditions.

At the same time, the state debt office launched a 10-year bond at 12.5 per cent, the highest rate it has so far paid.

In Sweden's exposed economic situation and with the strong deterioration in the state budget and the current account the bank rate could not be adjusted to the lower international interest levels which had appeared in recent months, the Riksbank stated

The raising of the long-term bond rate aims at improving the possibility of financing the swelling budget deficit through longer-term borrowing. Short-term financing of the deficit would boost liquidity within the economy and place enormous demands on state debt-financing policy, the Riksbank said.

The budget deficit was estimated at reach about SKr 55bn (£5.6bn) this year before the increase in value added tax and in excise duties on spirits, tobacco and fuels now being debated in the Riksdag

According to the Riks bank, the higher long-term rate should also improve conditions for an expansion of the Swedish capital market by offering an incentive to new investors in bonds. Earlier attempts to stimulate the market have failed, however.

UK attacks Oslo plan for oil-gas price parity

BY FAY GJESTER IN OSLO

NORWAY'S drive to secure price parity with oil for its offshore gas was strongly criticised yesterday by Mr. Hamish Gray, Minister of State at Britain's Energy Department.

Speaking at the Norwegian town of Tromso, Mr. Gray said Norwegian attempts to push gas prices up to the same level as those for crude oil would hit the industrial countries by increasing their costs. This policy was the same as that for which the West had criticised OPEC.

Confirmation of the Norwegian policy came earlier this week from Mr. Odvar Nordli, Norway's Prime Minister, who was speaking at the opening of an oil exhibition in Stavanger. Mr. Nordli said the price of gas from new fields coming on stream towards the end of the 1980s should be set at a level corresponding to that of crude oil.

Law of the Sea: end in sight after seven years of negotiation

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

AFTER SEVEN years of arduous negotiations, delegates to the latest session of the Law of the Sea Conference ending today in Geneva now believe that only one more negotiating session will be necessary. This is expected to be held in New York in the second quarter of next year and to result in a binding treaty sharing out rights over the two-thirds of the world's surface covered by seas and oceans.

"The substance of a new comprehensive treaty, in very close to final form, is at hand," according to Mr. Elliot Richardson, the chief U.S. negotiator.

The current five-week session opened and closed with an acrimonious debate over unilateral deep sea mining legislation recently enacted by the United States and West Germany to protect their companies interested in the sea bed.

However, this debate did not prevent the delegates from 153 countries making major progress on what has long been considered the most difficult issue—voting rights in the 36-nation council which will run the proposed International Seabed Authority. This Authority is to be a unique body, regulating production and marketing of the nodules of manganese, copper, cobalt and nickel which lie on parts of the seabed.

It is to have an industrial arm, the Enterprise, which will purchase mining and processing technology from the industrialised states and from mining companies.

The interest aroused by the question of control of the Authority reflected the hopes that once were vested in the "Eldorado" of the seabed. But as forecasts of world demand for minerals have fallen, the mining companies' expectations from the seabed have slumped.

Many of the consortia is now spending the sums they once did and which together probably total around $200m.

The proposal for control of the council involves a complex three-tier voting scheme. Important decisions on seabed mining and the sharing of profits must be reached by consensus, meaning that the industrial nations will have veto power over conference decision.

Other decisions, depending on their importance, will require voting majorities of two-thirds or three-quarters. The developing countries believe they deserved greater rights over the seabed and ocean floor, which have been classed as a "common right of mankind." But they have endorsed the package.

"In the sake of compromise, we will live with it," according to Mr. Kanyana Wapenyz, chairman of the group of developing and non-aligned countries.

Other areas debated in Geneva included the financing of the Enterprise and the terms on which this would buy technology. There was also discussion on the production limits which will be imposed on the Enterprise to protect land-based mineral producers such as Canada.

The compromises reached have left both sides slightly unsatisfied but they appear to be willing to live with the result—though the land-based mineral producers in particular are determined to keep discussions open.

THE MAIN SEABED CONSORTIA			
TITLE	**USUAL NAME**	**PARTNERS**	**ACTIVITIES**
Kennecott Exploration	Kennecott Group	Kennecott Copper, RTZ Consolidated Goldfields, BP, Noranda Mines, Mitsubishi	Exploration, collector testing and pilot processing, especially in 1975-7
Ocean Management Incorporated (OMI, OMINC)	INCO Group	International Nickel, Sedco, three W. German and 23 Japanese companies	Continuing exploration, test mining and processing
Ocean Minerals Co. (OMC, OMCO)	Lockheed Group	Lockheed Missiles and Space, Billiton (Royal-Dutch Shell) Standard Oil of Indiana etc.	Exploration in 1978, test mining and processing
Ocean Mining Associates (OMA)	U.S. Steel Group or Deepsea Ventures	U.S. Steel, United Miniere and Sun Co.	Exploration in 1974, test mining and processing

Delegates had hoped to complete a final negotiating text and to upgrade this to a draft treaty. In the event this second step has still to be taken and various contentious issues remain outstanding.

The most emotive of these is whether the Palestine Liberation Organisation should be a party to the treaty and, on the other hand, whether the EEC should be. There remains work to be done on how the treaty can be amended and what rules will apply between its signature and coming into force.

But, as the head of one Western delegation said yesterday, "the general view is that it could be wrapped up in another six-week session."

The conference has already agreed on the rules to govern navigation of the world's shipping: on zones of up to 200 miles from the shore to be given to coastal states; on fishing concessions for non-coastal states, and a host of other issues ranging from pollution to marine scientific research.

However, the issue of unilateral legislation on mining rights continues to disturb the developing countries. The mining consortia have long been pressing for such legislation. "We will not spend a bean unless we are sure of rights of access and mining, albeit under conditions," one mining company says.

The U.S. enacted its law protecting mining companies on June 28 and West Germany has introduced a similar law. Belgium, Britain, France and Japan are considering following suit.

The U.S. law forbids the Administration to issue exploration licences before next July 1 and to issue "any permit which authorises commercial recovery to commence before January 1, 1988."

The U.S. delegate insisted that this law does not undermine the Law of the Sea Conference, but the developing nations consider the U.S. legislation as proof of bad faith.

Milan inflation

MILAN'S August cost-of-living will have risen 1.18 per cent from July, indicating a slowdown in Italy's inflation already hinted at by provisional data for Rome and Turin.

The year-to-year increase in Milan was estimated at 21.17 per cent.
Agencies

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مكتبة من الأصل

Fears increase over agreement on Somali bases

BY DAVID BUCHAN IN WASHINGTON

CONGRESSIONAL critics have complained to the Carter Administration that the new U.S. agreement to use Somali bases for Indian Ocean defence risks entangling the U.S. in Somalia's quarrels with its Horn of Africa neighbours.

Representative Stephen Solarz, chairman of the House Sub-committee on African Affairs, has set out his fears in a letter to Mr. Edmund Muskie, Secretary of State.

They are based on intelligence evidence to the sub-committee that Somalia has up to 1,000 regular soldiers serving with rebels who are fighting for the Ogaden province's separation from Ethiopia.

The issue was given fresh immediacy by reports this week from Somalia that it had been "invaded" by Ethiopia, though Somalia later claimed to have repelled the alleged attack.

The Carter Administration has just initialled an agreement to give Somalia $20m this year in credits to buy arms and the same amount next year, in return for U.S. ships in the Indian Ocean occasionally using the Somali ports of Berbera and Mogadishu.

The Administration has stressed this involves no U.S. commitment to internal Somali security, nor constitutes any commitment to help defend it against Ethiopia, which is now backed by the Soviet Union.

The U.S. has reached similar agreements with Kenya and Oman on the use of their base facilities. Neither, however, is embroiled in such hot disputes with its neighbours.

Mr. Richard Moose, Assistant Secretary for African Affairs, told Mr. Solarz's sub-committee this week that Somalia was no longer seeking a military solution to the Ogaden dispute, but instead a political settlement. He doubted there were any significant Somali forces in the Ogaden.

Police break up rally against Pinochet

SANTIAGO — Thousands of Chileans marched through the streets of the capital on Wednesday night in a major opposition political demonstration in which slogans were shouted against President Augusto Pinochet. The demonstration was the largest in Santiago since President Salvador Allende was overthrown nearly seven years ago.

Several people were arrested and at least two persons were injured after the rally was broken up by hundreds of police in riot gear.

The demonstration erupted during and after a speech by ex-President Eduardo Frei, in which he sharply criticised the plebiscite. About 8,000 people called for September 11 to decide the fate of a proposed constitution that would give him power until at least 1989.

The Government authorised a meeting in a Santiago theatre to allow discussion of the plebiscite. About 8,0000 people packed the theatre before the speeches began, and police cordoned off an area two blocks around the building. Thousands more people outside began chanting anti-Pinochet slogans, singing and waving burning paper at the police barricades.

When Sr. Frei's speech ended, the theatre crowd joined those outside the police perimeter in a noisy demonstration that filled the street. The crowd was broken up after it had marched about 10 blocks, but small groups could still be heard chanting two hours later.

Sr. Frei, the leader of the Christian Democrat Party, who lost the presidency in 1970 to Sr. Allende, called for "a civilian-military government of transition" that would replace the army with a democratic regime in two or three years.
Agencies

Brazilians mourn victim of terror bomb attack

RIO DE JANEIRO—Thousands poured into the steets of Rio yesterday for a funeral procession for the victim of what is thought to be a terrorist bombing.

They were mourning Mrs. Lyda Monteiro da Silva, 59, a secretary of the Brazilian Bar Association, who was killed by a bomb that exploded on Wednesday in her office.

Other bombs went off at Rio's City Hall, injuring six people—one of whom was blinded and is critically ill—and at small circulation opposition newspaper, Tribuna Operaria.

The marchers carried signs saying "down with the dictatorship" and "punishment for terrorists."

People in office buildings cheered and threw paper from their windows as the funeral procession and demonstration went by, en route to St. John the Baptist Cemetery.

President Joao Figueiredo, the head of the Brazilian military regime, who has promised democratic rule, said the terrorist attacks "endangered national security." He ordered a federal police inquiry.
A.P.

Census 'will not change for Congressional seats'

BY PATTI REALI IN WASHINGTON

THE U.S. Bureau of the Census has announced that it will not adjust its population figures for the allocation of Congressional seats. It may, however, consider a recount for the allotment of federal funds to state and local governments, says Mr. Vincent J. Barabba, Director of the Census Bureau.

As required by the U.S. Constitution, the official census serves as the basis for "fair apportionment" of the seats in the House of Representatives every 10 years. The allocation of over $50bn in Federal aid to state and local governments also depends on census information.

The Census Bureau has come under attack from the mayors and governors of major American cities and states for the way the count has been conducted.

Preliminary census figures for the major cities are in and even allowing for the probability that the census missed many people, the fact is that most industrial cities have lost population since 1970.

Senator Mike Gravel . . . defeated

Alaskan Democrat victim of Bill defeat

By David Buchan in Washington

SENATOR MIKE GRAVEL, *Democrat, of Alaska*, became the first senatorial casualty of the 1980 elections when he was knocked out in his state's Democratic primary by Mr Clark Gruening, ironically the grandson of the man from whom Mr. Gravel won his seat 12 years ago.

The Republicans are now given a good chance of winning the *Alaska* seat. With a large number of Democratic senators up for re-election this year, the Republicans are hoping that they might just add enough to their present tally of 41 seats (out of 100) to give them control of the U.S. Upper House.

Only this month Senator Gravel lost his long maverick fight to prevent the Senate passing legislation that would severly limit commercial development on 104m acres of Alaska—roughly one-third of the state—and preserve it as wilderness. On several occasions, Senator Gravel has filibustered the Bill to prevent it passing.

Mr. Gruening successfully played the campaign theme that Senator Gravel was short-changing Alaska by his confrontation tactics, which had come to grate on his Senate colleagues.

However, this week also saw the remarkable resurrection from the "political grave" of Senator Herman *Talmadge* of Georgia, who despite recent censure from the Senate for fiddling expenses, won his state's Democratic primary in the still largely one-party South. This is tantamount to re-election to a sixth six-year term for the veteran senator.

Troops kill 30 guerrillas in El Salvador

SAN SALVADOR — More than 30 guerrillas were killed in a battle with troops after two fuel tanks at a power station in the industrial suburb of Soyapango, east of the capital, were set alight on Wednesday night, according to San Salvador police.

Officials at the plant estimated damage to the diesel fuel tanks at more than $400,000 (£167,000). Electricity supplies to the city were briefly interrupted.

Fighting between guerrillas and soldiers raged for about three hours in Soyapango, and many bodies were still lying in the streets yesterday awaiting identification.

Residents said the guerrillas struck at about 5.30 pm, blowing up the power plant, wrecking a high-tension tower with dynamite, and setting the storage tanks on fire.

Guerrillas also bombed and destroyed power lines north of the capital, causing power cuts in parts of the city. The black-outs reduced capacity at the municipal waterworks, causing shortages of running water.

Police said they believed the attack was to avenge last week's arrest of 17 members of the electricity workers' union, who led a strike which blacked out the entire country for 24 hours, in protest at the firing of 35 workers.
Agencies

Peru bid to restructure debt

LIMA—Peru will negotiate the restructuring of its foreign debt next year and will seek to attract foreign investment in the mining and oil industries to overcome financial and economic difficulties, Sen. Manuel Ulloa, Prime Minister, told Congress.

The foreign debt at last December 31 stood at $9.36bn. He said in his first speech to Congress since the elected government of President Belaunde Terry took over from a military administration a month ago.

Sen. Ulloa said domestic inflation in the first half had been 37 per cent instead of the 19.5 per cent figure given by the outgoing government.
Reuter

The latest Canadian newspaper closures may not be the last, **Robert Gibbens** writes

Press fights losing war with rising costs

IN LESS than a year, three major Canadian newspapers have died. This week the Ottawa Journal, the second daily in the federal capital, and the Winnipeg Tribune, the second daily in what was once Canada's liveliest newspaper town, closed down on the same day.

The Montreal Star, one of the country's most respected dailies, shut last September, a casualty of a long and bitter strike. Other closures may soon follow.

It appears that the economics of newspaper production in an age when inflation is mounting and population not growing, do not allow the existence of two "quality" dailies in most Canadian cities.

Politicians and commentators of every hue decried the decision of Canada's two major publishing chains to close the Journal and the Tribune. There were charges that the public's access to news and comment would be reduced, that the newspapers chains were carving up the remaining market across Canada, and that there should be an inquiry by the Federal Combines Branch, a Royal Commission or a Parliamentary Commission.

The Opposition New Democrats said the Federal Government should help the newspaper industry with subsidies. Similar appeals were made after the closure of the Montreal Star.

Mr. Jim Fleming, federal Minister of State, said yesterday that the Government was considering an inquiry into the closure of the Journal by the Thomson group and the Tribune by the Southam group. The two groups between them control the vast majority of Canadian daily newspapers and all the quality newspapers except the Toronto Star.

The agreement between them not only ends the long expensive struggle by the two dailies to survive, but also ends the anomaly under which the two chains were at the same time associates and competitors in different cities.

Thomson sold its half interest in Pacific Press Limited of Vancouver to Southam, leaving Southam sole owner of the Vancouver Sun and the Vancouver Province.

Thomson had operated the Vancouver Sun and Southam the Province, each chain with a half share in Pacific Press which published both newspapers.

Thomson also sold one third of the Gazette, Montreal's surviving English language daily to Southam. The value of both deals was C$57m (£20m).

The flagship of the Thomson Group in Canada will remain the Globe and Mail, based in Toronto, but with a total circulation of over 300,000 daily across Canada. In October the Globe plans to bring out a national edition with two sections, the first containing national news and the second the existing report on business.

It will be printed in Toronto, Calgary and Montreal. The paper will continue a separate edition for Toronto and the province of Ontario market, and advertising policies have been adjusted to the concept of the national edition and a Toronto edition.

Daily papers have been dying in English and French Canada for the last 15 years. Two of the remaining major newspapers are economically marginal, including La Presse, in Montreal, which 25 years ago was the largest circulation daily in Canada. Subsequently it was overtaken by the Toronto Star, which profited when the Toronto Telegram went under.

The basic issue in the decline of Canada's daily newspapers—as in Fleet Street—is the struggle to adopt technological change in time and absorb the rising cost of labour and materials, such as newsprint. It is more fundamental than the competition for advertising and circulation from the electronic media.

The charges are familiar to those acquainted with Fleet Streets problems. The unions are criticised for resisting technological change because the number of jobs available would be seriously reduced. Managements have been accused of inept methods, refusal to negotiate in good faith and misjudgement of their markets.

The technological tools exist to bring about tremendous strides in newspaper productivity, through computerised typesetting and automatic equipment for fast bundling and insertion of supplements. What has been lacking is mutual agreement on the terms for accepting such technology quickly and effectively.

Several major Canadian newspapers that survive might have gone under in the past 20 years if some union demands had not been defied, notably at the Toronto Globe and Mail. On other occasions, Canadian unions representing printers and other trades have been willing to compromise on technological change and overmanning, only to be overruled by their union head offices in the U.S.

The Canadian Press has other difficulties. Several afternoon papers have been strangled by short office hours and city traffic tie-ups, though some have survived by switching to morning publication. But problems of circulation and advertising revenue have been overshadowed by those of high costs and low productivity.

No Canadian Government has intervened. Politicians have said they cannot act without a groundswell of public support, especially in the area of subsidies.

In the absence of controversy, it was not likely that Thomson Newspapers, which inherited the problems of the Ottawa Journal with its acquisition of FP Publications late last year, and Southam, publishers of the *Winnipeg Tribune*, would allow publication to continue when the papers were losing millions of dollars a year with little hope of recovery.

China steps up criticism of Reagan over Taiwan links

BY TONY WALKER IN PEKING

CHINA continued its relentless criticism of Mr. Ronald Reagan, the U.S. Republican Presidential candidate, over his proposal to upgrade links with Taiwan.

Under the heading, "Where Does Reagan Intend to Lead *Sino-U.S.* Relations?" A People's Daily commentator charged that re-establishment of formal links with Taiwan would be a "grave retrogression" in Washington's relations with Peking.

U.S. officials in Peking are taking seriously Chinese threats over Mr. Reagan's China policy. Mr. Leonard Woodcock, the U.S. Ambassador, said it would be "logical" to assume Peking would sever diplomatic links if Mr. Reagan reverted to a "Two China's" policy.

Mr. Woodcock's public view is privately supported by members of the embassy's political staff, one of whom said it would be "highly dangerous" to assume the Chinese would not carry through their threat to severe diplomatic relations.

The People's Daily noted that Mr. Reagan had continued to advocate what it describes as "official relations" with Taiwan.

"Reagan's statements cannot but make people wonder where on earth Reagan wants to lead the Sino-U.S. relationship," the paper added.

Chinese criticism of the Republican nominee surfaced in the middle of the year

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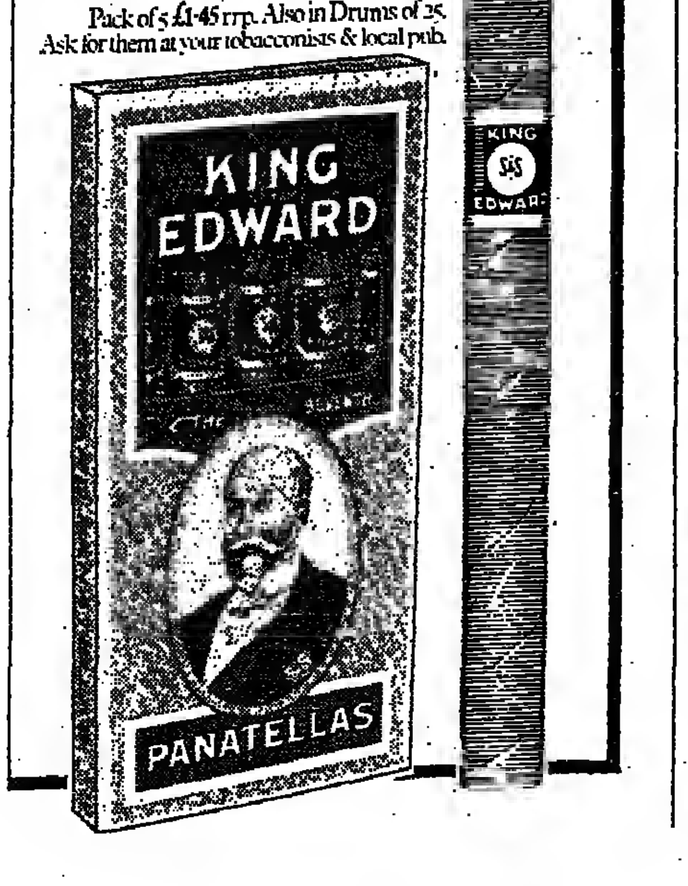


Mark Webster, recently in Accra, reports on the Ghana Government's bid to rescue its crippled economy

Lean times in the land of milk and sardines

A Ghanaian shopper bangs angrily on the door just slammed in his face. A dozen others in the queue drift disconsolately away. "The sbop was selling milk and fish," explains a passer-by.

Tinned milk and sardines, once the staples of Ghana's import-hungry urban population, are practically unobtainable in Accra, the capital. Emptiness of the shelves is broken only by occasional rusty tins of Bulgarian peaches and British vegetable salad, each costing more than a worker's daily wage.

The stringent policies of President Hilla Limann's 11-month-old Government are slowly restoring international confidence in Ghana's economy. But the Administration's determination to live within its means bas made the already unenviable lot of the 11m Ghanaians even tougher.

Signs of the economic crisis are everywhere: botels cut soap into thin slices to provide for each room; eight waitera stand in a bar telling customers there is no beer; wealthy Ghanainans pay £70 to fly to Lagos to fill their suitcases.

President Limann's Government came to power in September last year with plenty of goodwill but empty coffers. The decade of mismanagement and corruption under successive regimes was compounded by the hrief reign of the Armed Forces Revolutionary Council, led by Flt.-Lt. Jerry Rawlings.

Flt.-Lt. Rawliogs's rule succeeded in undoing the little progress made under the military ruler he overthrew, General Fred Akuffo. When General Akuffo faced the firing squad, so did Ghana's slender hopes of economic recovery. In the three months the Revolutiooary Council were in power they delighted the people by flogging market traders who overcharged and blowing up the homes of hoarders. But they emptied Ghana of the few stocks which had been built up.

To boost flagging morale, President Limann's Government promised to "flood the market in six months." The message now is more dour. "We must live within our means," said Mr. A. E. K. Ashiabor, the Central Bank governor. And that is just what Ghana is doing.

Import licences are issued strictly in relation to available foreign exchange. Quotas are enforced for industry, mining and agriculture, with little left or consumer goods. But so little foreign exchaneg is coming in that industry is still working at under 30 per cent of capacity, mining desperately needa new capital equipment, and agriculture — especially the main foreign exchange earner, cocoa —has declined inexorably.

The Government has no illusions about its plight. Ghana ran increasingly large budget deficits up to mid-1978, and despite efforts to narrow the gap the deficit equalled 40 per cent of total spending in 1979. To meet thoae deficits, the Government relied on printing money. Money supply and credit grew by 300 per cent between the end of 1974 and mid-1978.

The balance-of-payments deficit bad been geting steadily larger for over a decada. For the three years up to 1979 it averaged $89m a year. Foreign deht totals more than $1hn, although servicing this presents no immediate problem as much of the debt is long-term. And inflation which reached three figurea in 1978 and 1979, is now down again to around 59 per cent a year.

The other significant declines bave been in real gross domestic product, wbich shrank by 10 per cent between 1974 and 1978, and cocoa exports, wbich account for nearly 80 per cent of foreign exchange earnings. Cocoa exports last year were the lowest since independence in 1957.

Ghana's problems are so enormous that any efforts to tackle them look puny by comparison. President Limann's Administration has been criticised for moving too alowly, for lack of co-ordination betweeo ministries, and for the dispirited way the bureaucracy does its job.

Imported consumer goods are scarce in Accra market: what little foreign exchange comes in is spent on industry, *mining and agriculture.*

The Government replies it is doing its best against impossible odds. "I like to think of myself as a realist," said Mr. Amon Nikoi, Minister of Finance and Economic Planning. "I know what we are capable of doing and what we are not capable of doing . . . it is no good making long-term plans until you bave overcome your short-term problems."

The Government feels that Ghana's crippled economy and fragile democratic system will not stand any rude sbocks. As a result, the Administration's first two budgets have tried to halance the conflicting interests of cutting borrowing from the banking system while maintaining employment in the 290,000-strong civil aervice and feeding money into the neglected productive sectors — especially agriculture.

The result is that the civil service, which swallows some 60 per cent of total government spending, looks like a giant social aecority programme. The Government's inability to trim the civil service contributed significantly towards a 21 per cent increase in the budget announced in June. The planned deficit is Cedis 1.6bn (£246m), of a total budget of Cedis 7.3bn (£1.12bn). The Government also wants to protect private-sector jobs, and industry has had to keep payiog its workers while prices are controlled, output is declining and costs are higher.

Given co-operation from the noions, as well as foreign assistance, many people in goveroment are optimistic that Chana's economy will begin to improve in a year or two. "What we need now is an injection on the supply side," said the Central Bank governor. Britain has promised a £10m line of credit from the Export Credits Guarantee Department to help the timber and mining industries, bnt much hinges on agreement heing reached with the Interoational Monetary Fund.

An agreement with the Fund in mid-1978 hecame invalid becanse of the Rawlings coup, and the Governmeot is anxious that any new understanding should "take account of the preseot state of the economy." Diplomats say up to $550m is available to Ghana as a three-year facility, hut big sacrifices would have to he made, including alimming the hureaucracy, ending price controls and devaluing the inflated cedi.

There is every cbaoce that agreement will be reached by the end of the year, officials concede, but Ghana will stand out against any immediate devaluation. "How do you devalue on the basis of empty shelves?" asked the Central Bank governor. But, in return for agreement, Ghana could offer a phased reduction in the civil service over five years, the promise of eventual devaluation, and improved management of state-controlled companies. "I am not opposed to hringing in managerial knowhow from the private sector or expatriates," said Mr. Nikoi.

The Government has already invited a West German company to manage the natiooal Black Star shipping line and a foreign airline is being sought to take charge of Ghaoa Airways.

The Government has to tread carefully, partly becanse it knowa that a restless military could still cause trouble and partly hecause it respects democratic procedures. Ghana's Houae of Assemhly, democratically elected and running on a U.S.-style constitution, is an achievement which ia perbaps under rated.

President Limann has the advantage of an 84-seat majority in the 140-seat House, thanks to an agreement between hia People'a National Party and the smaller United National Convention. Although he bas heen criticised for weakness, he took full control of his own party at the last party congress, and is now undisputed leader of what is, in theory, the beir to former President Kwame Nkrumah's socialist Convention Peoples Party.

The President has tried to right some of the grosser abusea of the law by the Rawlings regime. Decisions taken by them were entrenched in the constitution and cannot he cbanged, but legally sensitive Ghana is coocerned about the 150 or so soldiers and civilians jailed by the Revotutionary Council after secret trial by "People's Courts."

For the time being, though, the talk in government is all of the economy. With rich natural resources of cocoa, timber, gold, diamonds, manganese and hauxite, the Administration is optimistic that Ghana'a medium and long-term prospects are good. They say it is only a matter of time before it again becomes a "land of milk and sardines."

Hard-liner may be new Israeli defence chief

BY DAVID LENNON IN TEL AVIV

ISRAEL'S PRIME MINISTER, Mr. Menahem Begin, is facing more problems with his Cabinet, from which six ministers have resigned in the past three years.

While he appears to have fioally found a replacement for Mr. Ezer Weizman who quit as Defence Minister in May, Mr. Begin is facing the possible loss of two other Ministers.

Prof. Mosbe Arens, the bard-line chairman of the powerful Knesset foreign affairs and defence committee, is now believed to he Mr. Begin's choice for the Defence portfolio. The American-born profassor of aeronautics played a key role in the development of Israel's Kfir Mach 2.3 fighter aircraft.

But if his choice is confirmed, this may laad to the resignation of Mr. Ariel Sbaron, who as Agricultural Minister, has been responsible for pushing through the Goveroment's controversial Jewish settlement programme in the occupied West Bank.

Mr. Sharon, regarded as a war bero after be led his troops across the Suez Canal in 1973, claims his long military experience most fits him for the job. He has threatened to resign if the Defenca portfolio is given to anyone else.

A further problem for Mr. Begin is the *police investigation* of alleged bribery and corruption in the Ministry of Religious Affairs. The investigation is now focusing on *the Minister him*self, Mr. Aharon Abuhatzeira, who has denied all impropriety, but says he will resign if any evidence is found against him.

Meanwhile, Israel's troubles over the recent law proclaiming all Jerusalem as its capital continue. Colombia has become the tenth country to announce it is moving its embassy from Jerusalem to Tel Aviv in protest, leaving only three embassies still in the capital.

In addition, Switzerland bas refused to sign an agreement on pension rigbts with Israel in Jerusalem, because of the "the known reasons of international law," a Swiss government official has announced. Israel views this move as particularly serious, because it challenges not only Israel's annexation of Arab East Jerusalem, but also the status of Jewish West Jerusalem as the seat of Israel's Government.

Reuter adds from Beirut: Israeli planes and patrol boats attacked Palestinian positions in renewed raids on South Lebanon on Wednesday night, an official of the UN peace-keeping force said yesterday. Israeli belicopters and planes dropped about 60 flares over the coastal town of Tyre and fired rockets at nnknown targets inland, the official added. He also claimed a patrol boat fired four rounds at Rashidiyeb, south of Tyre, where a big Palestinian refugee camp is located. The Joint Palestinian-Leftist forces in the South said *the Israeli fire* was returned. No casualties were reported.

Mugabe woos foreign investors

BY DAVID TONGE

ZIMBABWE'S Prime Minister, Mr. Robert Mugabe, yesterday launcbed in Britain a bid to attract foreign investors to Rhodesia and increase Western ald.

He raised these matters at a working lunch with Lord Carrington, the British Foreign Secretary wbo bad just returned from Saudi Arabia.

Mr. Mugabe had started his campaign earlier in the week in the U.S. There, be managed to persuade the Administration to reconsider its commitment of $15m aid and to announce that it was "working towards a figure of $150m."

Two months ago, Lord Carrington had expressed extreme disappointment at the level of aid offered to Zimbabwe by Britain's friends and allies. He pointed out that it was in this period that the success or failure of the Lancaster House talks was really being determined.

At the time, Zimbabwe was hoping that a donor conference could he arranged this autumn, perhaps under World Bank auspices. However, these hopes have now been dasbed and the next main development expected is when Zimbabwe negotiates with the EEC its accession to the Lomé Coovention.

Britain has promised Salisbury £75m aid over the next three years.

Mr. Mugabe's visit to London began as his visit to Washington had ended, with him publicly criticising Gen. Peter Walls, the former head of armed forces in Salisbury.

Asked at Heathrow whether there was still a place for the General in Zimbabwe he said: "No, categorically none at all for a man like that. I wouldn't have him and I would rather he left Zimbabwe as soon as possible."

Asked what measures he would take, be said: "We will take every possible step. That is all I can say." Gen. Walls is sbortly dne in Britaio for a two-month holiday.

Hong Kong prices

Consumer prices in Hong Kong rose by 3 per cent in July, Philip Bowring reports from Hong Kong. The Government placed the main hlame on the impact of "typhoon Joe" on food, fish and vegetable prices. The July rise left the consumer prices index 16.4 per cent above its level of a year ago.

Ethiopia denies 'invasion'

NAIROBI—Ethiopia yesterday denied that its troops had invaded Somalia and said the story had been fabricated to accelerate U.S. arms deliveries to the Mogadisbu Government.

[The official Somali news agency Soona yesterday said its army had repulsed an invasion of north-west Somalia by Ethiopian ground and air forces, inflicting heavy losses and shooting down one Soviet-made MiG-21 fighter-bomber.]

The charge and counter-charge are the latest exchange in the long-standing conflict betweeo the countries over the Ogaden region.

This is the first time in the bitter territorial quarrel that Somalia has claimed Ethiopian troops crossed the border. No independent corroboration of the alleged invasioo was immediately available.

Agencies

Bangladesh floods worsen

BY OUR DACCA CORRESPONDENT

NEARLY HALF of Bangladesh is now in the grip of flood waters which have so far taken a toll of about 350 lives and affected nearly 20m people.

The capital city of Dacca, which so far escaped the ravages of flood that began in the northern areas more thao two weeks ago, is faced with one of the worst floods in its history. Two flood protection embankments are threatened under the pressure of flood waters and thousands of people wbo had taken shelter over them have been asked to move elsewbere immediately. If the two embankments give in, over 1m of the city's 2m people would be seriously affected.

As water levels in about a dozen districts are slowly receding still ruoniog several feet above the danger level—new areas alsewhere are being flooded. Disease bas broken out. flood waters bave contaminated water tanks and wells and pure drinking water is in short supply.

In another development, Bangladesh President Ziaur Rahman will pay a brief day-long official visit to Paris.

While in Paris, Zia will sign a nuclear cooperation agreement.

According to a report, Zia is likely to ask the French president to provide $400m for the establishment of a nuclear power generating plant.

The total development outlay of the second five year plan launched last month is $16.5bn and includes nearly $13hn for investment and working capital requirements.

The $13bn in investment is to be financed hy a net inflow of external assistance of nearly 9hn and domestic savings of about 4bo.

Sadat sends deputy on mission to Europe

By Alan Mackie in Cairo

EGYPT'S Vice-President, Dr. Hosni Mubarak, starts a European tour today, to hrief leaders on Egypt's reasons for halting the Palestinian autonomy talks, and to discuss future moves to get the peaca process moving again.

His two-week trip will take him first to West Germany, then to France, where he is expected to discuss hilateral relations. Franca recently agreed to provide funds to build a Cairo metro and has been active in telecommunications projects in Egypt.

In the UK, his next port of call, he will have discussions with Mrs. Margaret Thatcber, the Prime Minister, and top Foreign Office officiala, as well as atending the Farnborough Air Show.

The UK, with France, has been keen to sell arms to Egypt, but the most promising vehicle for this, the Arah Organisation for Industrialisation, which would bave aet up an indigenous Egyptian arms indnstry, was disbanded with the Arab boycott of Egypt last year.

Westland's case for compensation for a helicopter assemhly plant it was building for the AOI is likely to be brought np. Dr. Muharak will then visit Italy, the Vatican, Austria and Romania.

David Bnchan adds from Washington: Mr. Sol Linowitz, the U.S. special envoy, leavea here today for the Middle East in a last effort to revive the stalled negotiations for Palestinian autonomy this year.

Jordan's Prime Minister resigns

Dr. Qassem Al-Rimawi, Jordan's Prime Minister, yesterday submitted his resignation. His successor is Mr. Modar Badran, a former Prime Minister wbo resigned last December, Rami Khonri reports from Amman. Dr. Rimawi, 60, formed bis government after the suddeo death of his predecessor Mr. *Sharif Abdel-Hamid Sharaf*, on July 3. No reason was given for Dr. Rimawi's resignation.

Rebels 'to surrender'

Sccessionist rebels on the South Pacific island of Espiritu Santo are expected to surrender today, an official of the Vanuatu Government said yesterday, Reuter reports from Port Vila. "Their position is bopeless and we've got most of them anyway," the official added.

Japan economy move

The Japanese Government is to adopt new measures next week to boost the economy, which as been sbowing signs of slowing down, Reuter reports from Tokyo. The cabinet council on the economy will meet on September 5, to decide what sbould go into the package, the Economic Planning Agency said yesterday.

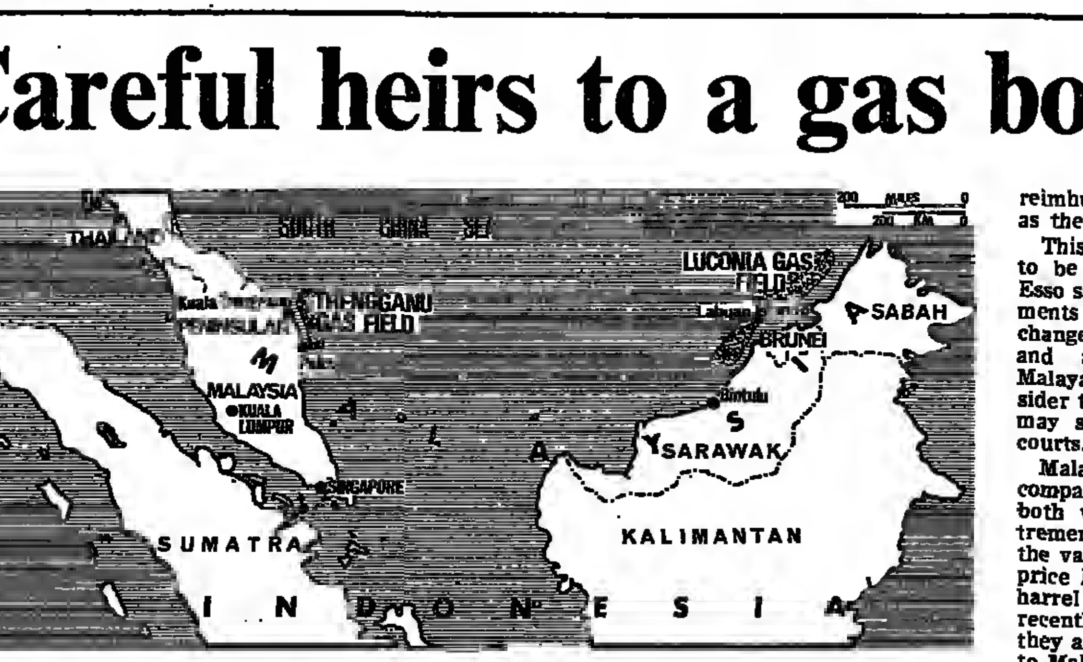
Mr. Rokusuke Tanaka, minister for international trade and industry, said the Cabinet Council would pusb for early conclusion of public works contracts, and provide increased finance for housing and promotion of exports of industrial plant.

ENERGY REVIEW: MALAYSIA — BY WONG SULONG, KUALA LUMPUR CORRESPONDENT

Careful heirs to a gas bonanza

BRITISH oilmen are drilling half a dozen confirmation wells in the calm waters of the South China Sea. Under an agreement signed last year, the Britisb National Oil Corporation (BNOC) will provide technical help to Petronas, the Malaysian oil company, to evaluate and exploit a natural gas find at Duyong, 140 miles off the coast of Trengganu in the north-east of Malaysia.

This willingness of the Malaysians to learn from BNOC ia a reflection of the growing confidence of the men at Petronas. When the Malaysian oil company was set up aix years ago, Malaysians knew very little ahout oil hut were unwilling to admit it. Now they know more and say they still have plenty to learn.



Malaysia is a fortunate country in terms of resources. In the past two decades, its economy has diversified to such an extent that its traditional strengths—rubber and tin—now account for less than 30 per cent of its exports, compared with 80 per cent in 1960. Apart from rubber and tin, the country now has resources of palm oil, timber, an expanding manufacturing aector and lastly oil and natural gas. (For the first time, oil this year will become the nation's top export.)

The discovery of oil and gas could not have been better timed. Finds were made in the early 1970s, and exploitation did not get under way until after 1976 by which time oil prices had soared. The growing oil revenues are particularly useful at a time when Malaysia feels the need to sustain economic growtb at a time of recession, and to beef np its armed forces against an external Communist threat.

Malaysia's oil production and reserves are small by the standards of the Organisation of Petroleum Exporting Countries—one reason why it has not applied to join OPEC. But its natural gas rserves are among the biggest in the world. Malaysia can expect to emerge as a leading exporter of liquefied natural gas (LNG) within the next few years.

Petronas officials are reluctant to discuss the size of the *country's oil and gas reserves*, largely because it is determined not to be regarded as a sort of national charity organisation, and experience the sort of problems of Indonesia's oil company, Pertamina a few years ago.

For a long time, oil reserves were officially put at 1hn barrels until Marcb when this figure was quietly revised upwards to 1.4bn barrels. Most foreign oilmen think the new estimate is still conservative.

The non-associated natural gas reserves found by Shell in Central Luconia, off the Sarawak coast, have heen officially put at more than 23 trillion cubic feet—9.7 trillion cuhic feet in proven reserves, and 14.4 trillion cubic feet in prohable reserves.

The Luconia gas field will ha able to supply Japan with 6m tonnes of LNG annually for 20 years starting in 1983, with plenty left over to feed several major gas-dependent induatries in Sarawak.

The Luconia fields are dwarfed by the fields discovered by Esso off Trengganu. The exact size of the Esao find has not heen discloaed. Up to a few months ago, Petronas officials did not even admit to its existence. But Dr. Mahathir Mohamed, the Deputy Prime Minister, bas estimated it to be one-and-a-half to two times larger than the Luconia reserves.

Growing self assurance, and the knowledge that it is beir to a huge financial bonanza, bas not given Petronas grandiose dreama. The people running the organisation are former civil servants, noted for financial prudence, and ara without political amhitions.

As Petronas has become more wealthy and influential, it has also grown more conservative.

Its policy is to mind its own business, which is in oil and gas, and to stretch these resources for as long as possible, while accommodating the understandable desire of foreign oil companies to recover their investments in the sbortest possible time.

Recently, the Cahinet gave its backing to Petronas' thinking by adopting a national oil *depletion policy*.

According to Mr. Rastam Hadi, Patronas' managing director, an average of 200m cu ft of associated gas—equivalent to 40,000 barrels of oil—is being flared in the coursa of lifting 300,000 barrels of oil eacb day. Mr. Rastam feels it may be posihle to use as much as 80 per cent of this associated gas. One example of ways to save the wasted gas is an agreement signed recently between Petronas, Sbell and the Sahah Government to supply 60m cu ft of gas to Labuan Island to feed a sponge iron plant.

Foreign oil companiea bave bad to reduce oil production for the sake of gas conservation: oil output has been cut from 300,000 barrels at the end of last year to 280,000 harrels in recent weeks. It could fall further to around 250,000 barrels, but Mr. Rastam points out that oil revenues will actually be higher since prices bave risen sbarply.

This tough conservation policy is naturally not popular with Shell and Esso, the two companies currently producing in Malaysia. They bave to slow down their investment programmes considerably to accommodate Malaysian interests.

Bot what is even more disturbing to them was last April's sudden imposition of a 25 per cent tax on "profit oil."

Under the production-sharing agreements signed in 1976, Shell and Esso can keep as mucb as 41 per cent of the oil produced, by way of 20 per cent as cost reimbursement plus 21 per cent as their shara.

This 21 per cent is coosidered to be "profit oil." Shell and Esso say a clause in their agreements apecifically prohibits any changes affecting their earnings and are appealing to the Malayaian authorities to reconsider the tax. If this fails, they may seek redresa through the courts.

Malaysia argues that the oil companies cannot expect to win both ways. They had gained tremendously by the increase in the valne of their oil share: its price had risen from U.S.$12 a harrel in 1976 to U.S.$38 recently. At the aame time, they are selling Middle East oil to Malaysla at full price.

Althougb Petronas is cash-laden (it made a profit of U.S.$356m last year), it will bave to spend beavily in the coming years.

It is already involved with *Shell* and Mitsubishi in a company called Malaysia LNG, which is building a U.S.$1bn plant to process and export LNG from Luconia to Japan. Petronas owns 65 per cent of Malaysia LNG, and Shell and Mitsubishi hold 17.5 per cent each.

Petronas plans to huild two oil refineries at the cost of U.S.$300m-$400m in order to reduce its dependence on foreign oil companies and to participate in downstream petrochemical activities.

Another project is a U.S.$150m urea plant at Bintulu, using the Luconia gas. The urea project bas been designated as one of the five "industrial complemention projects" of the Association of South-East Asian Nations (ASEAN).

After more than three years since the production-sharing agreements of 1976, Petronas is ready to negotiate with the oil majors on opening up new areas for exploration. Last May, it signed an agreement with British Petroleum and Oceanic to explore a 6,000 square mila tract off north-east Sabah.

Mr. Rastam says Petronas would be signing more such agreements in dne eourse, aod adds the areas on offer would be "promising."

Assuming no new oil discoveries are made, and given current output, Malaysian oil reserves would be depleted by the early 1990'a. Petronas therefore aees its future in the enormous reserves of still untapped natural gaa.

As a future LNG exporter, it is interested in the progress of existing LNG producers—Indonesia, Mexico and Algeria—in their attempts to achieve parity between *gas* and oil prices.

Malayaia has largely found markets for its Luconia gas, but it is too early to speculate how it would use the gas off Trengganu. For one thing, it is in no hurry to lift the gas, and a detailed study into the extent of the Trengganu fields has yet to he done.

But one thing is certain: Malaysian gas, whether exported or aold locally, will not be cheap. It will be sold at prevailing market pricea, with perhaps minor adjustments depending on geographical and logistic factors. That is why aluminium companies, which announced plans to set up smelters in Malaysia a few years ago, are now showing little obvious interest.

Malaysia's energy needs are assured well ioto the 21st century, hnt the fuel mix is likely to shift significantly by the 1990s. At preseot, the country is 80 per cent dependent on oil for its energy needs. There are plans to harness the tremendous hydro resources in Sarawak to generate electricity. And as natural gas is available, after 1983, more power stations will be gas fired.

If present drilling at Duyong by BNOC confirms Petronas' expectations of the Trengganu field, the gas from there will be piped to the mainland to feed a 450 megawatt power plant being planned at Paka.

S. Africa record industry heads for best-ever year

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA's record industry is beading for its best year while record producers elsewhere are bemoaning falling sales.

The industry estimates that aales this year are likely to reach R60m (£33m) and should continne to grow well into 1981.

However, the country's Competition Board has announced an investigation into monopoly allegations.

These have heen building np for months, the major manufacturers, who are members of the Gramopbone Record Manufacturers Association (GRMA), sought ways to overcome potential sales losses because of an increase in the level of bome taping.

The industry estimates that bome tape-recordings of records costs the industry an annual R25m (£14m) in sales—and that excludes pirating of recordings for sale.

As it is, however, about 10m hlank tapes are sold in Sonth Africa every year compared with about 5m long-playing records priced at an average R10 per disc.

Mr. Clive Kelly, chairman of the GRMA, claims that at that nrice, record mannfacturers are left with a mere 2.7 per cent net profit.

Records cost about R2 each to manufactnre with another 40c for the sleeve. Bnt on figures calculated by EMI (the country's largest blank tape producer) retailers operate on an average mark-up of 33.8 per cent. Royalties, manufacturing and marketing absorb a further 17 per cent, while tax and excise duty take 11.5 per cent.

Taking the battle into the home recorders' camp, the industry recently *decided* to cease sales to commercial record libraries.

That was one move in the hattle aimed at getting the libraries to pay a royalty on every record they lend.

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UK groups urged to stay active in Iran

By Simon Henderson

BRITISH BUSINESSMEN involved in trade with Iran have been encouraged by the Government to keep active in the market in spite of sanctions and the political problems affecting relations between Iran and the West.

Even with the imposition of sanctions, designed to exert pressure for the release of the U.S. hostages, Iran was expected to be the second or third most important market for Britain in the Middle East this year, Mr. Owen Kemmis, an assistant secretary at the Department nf Trade, told a London Chamber of Commerce gathering.

Mr. Kemmis, though conscious of the dilemma of supporting the U.S. and looking after British trade interests, advised British businessmen to watch political developments closely, observe the sanctions and maintain interest in Iran as a market for the future.

British exports to Iran in the first six months of this year, totalled £210m, almost equal to the figure for the whole of 1979, but still well below the level of £751m recorded for 1978. Exports fell slightly in July, but Mr. Kemmis said it was difficult to relate directly sanctions which took effect on May 30 to this figure.

More than 100 businessmen including some Iranians, attended the meeting, representing banks, engineering companies, consultants and shipping companies — proof perhaps of Mr. Kemmis' own statement that British companies were well entrenched in the vehicle, machinery, pharmaceutical and chemical sectors in Iran.

The scope of sanctinns against Iran relates mainly to new contracts which cannot be considered a "modification, amplification nr extension of existing contracts" or are not in the "established course of husiness dealing."

Among exemptions are foodstuffs and medicines.

Mr. Kemmis explained that the Gnvernment's methods of monitoring sanctions had not so far disclosed any attempt to break them.

He said it was difficult to tell whether sanction breaking contracts were being diverted through ports in the Gulf.

Other points made were:

● Financing nf exports was now working well after some confusion immediately after sanctions started when Iranian banks wanted to see "export licences" (which are not part of the British system) before they would open letters of credit.

● The payments record was now good, the great majority of debts referred to the period befnre the revolution in February 1979.

● Carriers were reluctant to accept goods on an f.o.b. basis because of difficulties in otherwise being paid in hard currency.

ECGD cover for ALIA loan

THE Exports Credits Guarantee Department has guaranteed the repayment and funding of a $70m (£29.4m) loan which Lazard Brothers, acting on behalf of a syndicate of banks, has made available to ALIA—the Royal Jordanian Airline.

The loan will help finance a contract awarded to Rolls-Royce for the supply of RB211-524 aero engines, spares and support equipment to power five Lockheed L1011-500 TriStar aircraft ordered hy ALIA.

Canada may gain coal deals from Australia strike

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA has lost a number of long-term coal contracts because of the strike of Queensland miners which has been going on for eight weeks. Mining companies whose production has been balted say that the implications could last damagingly longer.

Mr. Gillespie Robertson, marketing manager for Utah Development, Australia'a biggest coal mining company, said that the country's reputation aa a stable source of coal supply was being damaged by the strike which affects more than half of Australia's coal output.

He said that Utah bad received a letter of intent for coal purchases from India, but had been unable to deliver the coal. He also cited a short-term Egyptian contract which could have developed into a long-term deal had Utah been able to deliver. He said the huyer would look elsewhere if Utah could not find replacement coal.

The biggest customer for Queensland coal produced by Utah, Broken Hill Proprietary, CRA and Theiss are the Japanese Steel Mills which have protested to the Australian embassy in Tokyo about the strike.

The Japanese hinted that they might develop coal projects elsewhere, such as Canada, as part of a diversification programme. Currently about 40 per cent of Japan's coking coal comes from Australia; ideally, Australia would supply a third, Canada a third and the rest of the world a third of Japan's coal.

Japanese officials in Australia have confirmed that Japan is buying coal on the spot market partly because of th- loss of Australian coal caused hy the strike. Stockpiles held by the mining companies in Australia and by the Japanese Steel Mills have mitigated the effects of the strike, hut most ubservers believe there is not enough coking coal of the quality required by the Japanese mills on the spot market if the strike continues much longer.

The mining companies estimate that so far 5m toooes of coal has been lost because nf the strike. Utab estunates its losses at roughly A$100m (£49m). The Federal and Queensland State Governments are estimated to be losing around A$8.5m a week in taxes and the 4,500 miners are estimated to be losing about A$1.5m a week.

Canadian coal is generally more expeosive to extract than Australian Coal, but mining and trade officials say it is possible that the Japanese will be prepared to pay a premium for diversity and that the Australian strike may tip the halance in favour of some British Columbian projects.

Australia's future as a major coal exporter is not in jeopardy as there are expected to be plenty of buyers for coal for power generation in the 1980s. But all mining companies are heviog difficulty achieving the long-term contracts they need to secure new projects and they fear the strike will delay development as buyers are reluctant to commit themselves to contracts when the country has a poor industrial relations record.

The companies say that Canadian strikes are more predictable, usually occurring over wages when contracts are renewed. The Queensland strike is over a federal government proposal to tax miners on the subsidised houses they rent from the mining companies.

The miners rent houses at around A$5 a week. Under income tax laws the Government considers the difference between the A$5 and the market rental for the bouses to he income and wants to tax it accordingly.

In a compromisa the Government has assessed the market rental of the houses at A$16 a week and offered to phase in the average extra tax of A$6 a week over three years.

The miners who earn an average of $A25,000 a year, or roughly twice the average weekly earnings in Australia, say the money is not the point. It is the principle of taxation on subsidised housing to which they object. And they bave a lot nf support from other unions, which have contributed up to $A100,000 a week to the strike fund.

The dispute seems deadlocked as Mr. John Howard, the Treasurer, has said the Government cannot exempt the miners from the tax or it would npen a floodgate of tax avoidance through employers providing their employees with subsidised bousing.

Ford hopes for larger Toyota car venture

BY RICHARD C. HANSON IN TOKYO

FORD MOTOR Company has apparently suggested that any possible U.S. joint venture to prnduce cars with Toyota Motor should be on a much larger scale than the Japanese were originally proposing.

In the latest burst of smoke surrounding the unusually public courtship between the two giant car makers, Ford chairman, Mr. Philip Caldwell, told a Japanese newspaper that a joint production venture should aim at around 40,000-50,000 cars a month. Toyota is said to have originally broached the subject of a joint venture with Ford to build roughly one-third that volume.

Mr. Caldwell told a Nihon Keizai Shimhun reporter that his company bas not turned down the Japanese proposal outright, hut that it also did not have any set timeframe for any agreement.

There had been earlier reports that Ford's reaction to the idea had heen negative. In the interview, the Ford chairman said that he thought potential U.S. anti-trust law barriers to a joint venture between the two companies might not be a problem.

Toyota Motor had little reaction to the interview, beyond saying that Mr. Caldwell sounded rather "positive" about the idea. The two sides, bowever, appear to be a long way from reaching even a tentative agreement.

Toyata claims that is was serious in proposing the matter, brushing off the suggestion that it was made in part to help defuse the outcry in the U.S. over Japanese car imports.

The main attraction of a joint venture to Toyota is probably that it offers the least expensive means of proceeding with the very risky business of entering large-scale car production in the U.S. The beoefits for Ford are somewhat less apparent.

A-310 parts order signed

BRITISH AEROSPACE and Hawker de Havilland Australia have signed a contract in Sydnev for the manufacture in Australia of components for the A-310 Airbus wide-body airliner.

The contract covers 150 aircraft sets of wing in-spar ribs valued at about £3m.

Deliveries of these components will commence in mid-1981.

The contract covers all existing orders and options for this version of tbe Airbns and so places Australia in a highly competitive position for further work.

Mr. R. Kingsford-Smith, chairman of Hawker de Havilland, said the contract was the beginning of an important relationship for Hawker de Havilland with British Aerospace.

"Australia has already been offered a variety of articipation opportunities covering a range of advanced manufacturing technologies. They include titanium fabrication and forging and manufacture to advanced composite structures," Mr. Kingsford-Smith said.

Filipinos to build Iraq road

MANILA — The Construction and Development Corporation (CDCP) of the Philippines has signed a $285m (£120m) contract with Iraq to construct a portion of an expressway linking that mideast country to Syria and Kuwait.

Mr. Rodolfo Cuenca, the company president, told a news conference the contract, signed in Baghdad last week, calls for CDCP to construct the Baghdad-Basrah Axis, a 140-kilometre, six-lane, asphalt segment of the proposed 1,200-kilometre-long Iraq expressway No. 1.

He gave no completion target dates but said construction would begin after procedures on travel to Iraq by about 1,700 Filipino workers have been set. The Philippine National Bank is putting up $40m in guarantees.

● Chiyoda Cbemical Engineering and Construction and Mitsui have signed a $100m (£42m) contract to supply a purified terephthalic acid (PTA) plant to China American Petrochemical of Taiwan. China American Petrochemical Co. is owned equally by Amoco of the U.S. and a Taiwanese company.

The plant is to have an annual production capacity of 150,000 tons of PTA and will be built by the end of 1982. PTA is a material for making polyester fibres.

Agencies

W. German deficit in Arab trade

By Kevin Done in Frankfurt

THE RISING COST of oil imports from the Arah countries pushed West Germao trade with the Arah world into a deficit of DM 4.2bn (£1bn) in the first six months of 1980.

In the corresponding period last year German exporters were able to achieve a modest surplus of DM 269m, but in the intervening period the dramatic surge in oil prices has pushed the trade halance with the Arab countries firmly into deficit.

Average oil import prices from the Arab prodncing countries rose hy 82.7 per cent between the first half of 1979 and the first six months nf 1980 from DM 235 per tonne to DM 430.

The value of trade between the Arab countries and West Germany jumped by 38 per cent to DM 22.6hn in the first half of the year against an overall rise of 19.7 per cent In total German trade.

German exporters still achieved a respectahle 10.7 per cent nominal rise in their exports to Arab countries to DM 9.2bn, hut this performance was overwhelmed hy the higher cost of crude oil imports.

The value of imports from Arah countries jumped hy 66.3 per cent to DM 13.4bn of which oil imports accounted for some 88.7 per cent.

West Germany has made some small progress in reducing its dependence on Arab oil and the volume of Arah crude imports dropped by 7.4 per cent in the first half of 1980 to 27.7m tonnes compared with 29.9m tonnes in the same period of 1979. The Arah countries thus accounted for some 55.5 per cent of total German crude imports against 56.6 per cent a year earlier.

Saudi Arabia is still the single most important oil supplier, accounting for 20 per cent, or 10m tonnes, of West German oil imports in the first six months, followed by Libya (16.3 per cent or 8.2m tonnes) and the UK (14.5 per cent and 7.3m tonnes).

World crude output falls in first half

BY MARTIN DICKSON, ENERGY CORRESPONDENT

FALLING international demand for oil has been underlined hy new figures indicating that worldwide crude production fell during the first six months of this year compared to the same period of 1979.

According to Oil and Gas Journal, the U.S. weekly magazine, worldwide production in the first six months of 1980 averaged 61.4m b/d, compared to 61.8m b/d during the same period of 1979. It estimates that this was the first time that January-June outpnt had fallen since 1975.

The lower production reflects a sharp drop in the demand for oil products which bas led to a substantial supply surplus, currently estimated at between 2m and 3m b/d. This is, in turn, putting pressure on nations belonging to the Organisation of Petroleum Exporting Countries to cut production or shave their prices.

Oil and Gas Journal estimates OPEC's first half production to have been 28.5m b/d, some 5.5 per cent less than during the same period of 1979. Saudi Arabia and Iraq were the only OPEC members with higher production levels.

However, declining OPEC production was offset to some extent by production increases in Communist conntries, the U.S., the North Sea and Mexico. Production from the UK and Norwegian Nnrth Sea increased 13.4 per cent compared to 1979 to reach nearly 2.15m b/d. Communist production was estimated to be up 2.9 per cent to 14.5m b/d, with 11.9m b/d coming from the Soviet Union.

The crude surplus has belped Saudi Arabia, OPEC's largest oil exporter, to regain its pivotal role in the pricing/production equation.

The Kingdom has been maintaining its production at 9.5m b/d—1m b/d more than its preferred ceiling—and keeping its price down tn $28 a barrel in an attempt to ensure adherence to the unified OPEC price system worked out at June's Algiers summit.

Saudi Arabia is widely expected to reduce prodnction to 8.5m b/d once it is sure that the price system is sticking, but the timing of such a move remains unclear.

Meanwhile, the supply glnt bas led to occasional trimming of the premiums demanded by OPEC members above their official selling prices. Iraq has shaved the premiums on at least part of its production, while Indonesia has announced cuts from September 1 of up to $2 a barrel.

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Shrinking profits hit many countries

By Hazel Duffy, Industrial Correspondent

FALLING profitability in industry has become a common feature in several countries over the past decade, according to figures published in the official magazine British Business today.

The rate of decline in *German profitability appears* to have been at least as great as in the UK, although the fall has been from a much *higher* level. The U.S. and Canada also show signs of a declining trend, while Sweden and Norway have both fallen *below* the UK in the past five years in the profit share of their industry plus transport.

The study which forms the *basis* of the international comparisons was done by Professor T. P. Hill of the University of East Anglia, for the OECD, and used in a paper submitted by the Industry Secretary to the National Economic Development Council last year. These have since been updated by Professor Hill.

As with all international comparisons, however, some caution has to be exercised before drawing definitive conclusions.

Two bases of comparison are used in the study—(1) profit shares, defined as net operating surplus as percentage net value added; (2) net rate of return, defined as net operating surplus as percentage net capital stock of fixed assets. The general picture that emerges is of declining trends in profit shares and more marked declines in rates of return.

The UK is at or near the bottom of the range on all comparisons except for profit shares in manufacturing industry, in terms of which the UK occupied a medium position until recent years. But Germany has suffered as much decline as the UK in manufacturing industry, although from higher levels, and in all industry and transport Germany shows a much sharper decline than the UK.

In 1960-62, for instance, the profit share average for German industry plus transport was 32 per cent, which had declined to 23 per cent in 1976-78. The UK started with the much lower figure of 23 per cent, but this had fallen less steeply to 17 per cent in 1976-78. The figure for Norway at the end of the period was 14 per cent, and for Sweden 7 per cent.

Recession forces 8.4% fall in energy consumption

BY MARTIN DICKSON, ENERGY CORRESPONDENT

BRITAIN USED 8.4 per cent less energy in the first half of this year than it did in the same period of 1979 — as a result of the recession, higher fuel prices, and conservation measures.

Demand for all fuels was hit, but the most significant change was in the consumption of oil products, which fell by 15.4 per cent, according to the latest issue of Energy Trends, the Department of Energy's monthly statistical bulletin.

This was partly due to a major switch to coal burning at power stations, where consumption of fuel oil fell 41 per cent in the January-June period compared with 1979.

By the second quarter of this year, however, demand for all oil products apart from aviation fuel was below 1979 levels. This even included petrol, which until then had bucked the general downward trend. Second quarter petrol deliveries were down 0.6 per cent, suggesting that motorists were at last beginning to react to sharp price increases.

Energy Trends estimates that the UK's total primary energy consumption in the first six months of 1980 was 174.6m tonnes of coal equivalent, compared with 190.6m tonnes in the same period of 1979.

The decline continued throughout the period: in the April-June quarter, consumption was down 9.9 per cent, with oil use falling by 15 per cent, coal by 6.1 per cent and natural gas by 6.9 per cent.

The Department pins much of this on the recession, pointing out that during the second quarter the all-industries index of industrial production was about 6.5 per cent down on last year.

The electricity supply industry provided 6.8 per cent less power in the first half of the year than in 1979, but second quarter statistics suggest that this fall may be bottoming out: April-June supplies were down 5.2 per cent on the previous year.

Lower than expected electricity demand has hit the supply industry's profits, and is having a serious knock-on effect on the coal industry. Power station consumption of coal fell by 2.1 per cent in 1979 between April and June—in spite of the switch from oil burning.

The nation's overall coal consumption was down 3.5 per cent in the three months between May and July, partly because of the recession in the steel industry.

By the end of July, coal stocks stood at 32.9m tonnes, an increase of more than 1m tonnes during the month and over 5m tonnes more than in July last year.

Luton to spend £2m at local car plants

By Maurice Samuelson

THE CONSERVATIVE-controlled Luton borough council in Bedfordshire is expected to spend more than £2m on Vauxhall and Talbot vehicles which are produced locally even though this could conflict with the Government's drive to cut local authority spending.

The money will be spent at Vauxhall, where some workers are on a two-day week, and at Talbot's Dodge Trucks plant, which *will start* a three- and four-day week at the end of September.

In addition, the council's 80 staff have been offered higher loans to buy new cars — provided they buy Vauxhalls.

The council has agreed to spend £1½m immediately. Part of this will come from its 1981-82 budget. Further purchasing plans are likely to take the total to more than £2m.

The decision was greeted cautiously by the local ratepayers' association, which is worried it will mean further rate increases.

However, the council says that most of the extra money will come from Luton airport's revenue, which last year showed a £2m pre-tax profit.

Many of the vehicles such as buses and snow-clearers, will be purchased for the airport. The council will also buy vans and park vehicles to be *used* in Luton itself.

Some 35,000 people in a five-mile radius of Luton are dependent on the motor industry. Vauxhall employs 25,000 at Luton and nearby Dunstable.

The sums to be spent are not large *in terms* of *Vauxhall* or Dodge Truck sales. However, the council said that it hoped that other local authorities and businesses in the area would copy its example.

The council has increased the maximum loan to buy new cars from £2,500 to £5,000 and reduced the interest from 12 per cent to 10 per cent.

Until now, the council has not deliberately favoured Vauxhall or Dodge but has bought its vehicles on the basis of the lowest possible tender.

A more direct challenge to the Government's spending curbs came yesterday from Labour-controlled Wakefield Metropolitan District Council which announced plans to spend an extra £350,000 a year to provide 120 permanent jobs.

Private house building drops

BY MICHAEL CASSELL

HOUSE BUILDERS now expect to make a start on only *115,000* private homes during 1980—a total which would be the lowest since 1974 and one of the worst performances since the second world war.

An inquiry conducted among private housing contractors confirms the pattern of weakening confidence affecting the industry. At the time of the last inquiry in March, builders thought they might manage to start 130,000 homes in the private sector during 1980, a figure which was itself less optimistic than the forecasts being made in 1979.

Private housing starts last year reached 140,000 against 157,000 in the previous 12 months. In 1974—when private housing activity slumped badly—a start was made on only 106,000 homes.

The latest inquiry indicates that builders expect prospects to deteriorate further, with total private starts next year falling *to 110,000. The industry faces* slack demand for new properties, brought about by high mortgage costs and uncertain economic prospects. Margins are under pressure because of rapidly rising construction costs and stagnating market prices.

The inquiry, carried out by the Department of the Environment, also shows that at the end *of* June private builders owned land with planning permission for about 210,000 homes.

Builders were estimated to have had *about 18,000 unsold* properties on their hands then, compared with 15,000 at the end of February and only 11,000 *a year earlier.*

A continuing slump in council housing activity is deepening the house builders' crisis. Starts *this year could be down to little* more than 50,000 with further reductions due in 1981 and 1982. Starts in 1979 reached just over *80,000.*

Tory Left gives support to Thatcher jobs policy

BY RICHARD EVANS, LOBBY EDITOR

AN EARLY indication was given yesterday that younger Left-wing Conservative MPs are *prepared* to give their full backing to Mrs. Thatcher after the highest unemployment figures for over 40 years.

Mr. William Waldegrave, Tory MP for Bristol West and a former aide to Mr. Edward Heath, declared last night that the worst thing the Government could do in present circumstances was to change course.

"Again and again in the past, Governments have started to pursue a line of policy, and then lacked the resolution to see it through.

"The worst possible option is to abandon this policy now, when we have had the pain, but not yet seen the benefit. It would make the sacrifice and the grief suffered by those who have already lost jobs pointless," he told Bristol Young Conservatives.

Mr. Waldegrave, a prominent moderate from the 1979 intake, argued that, if the Government continued on course, there was a "fair chance" that present suffering would in the end be the prelude to better times.

In practice, the only prospect of a change of course in economic policy would come if sufficient "wet" Ministers and Tory MPs threatened rebellion. There is absolutely no sign of this *happening.*

Ministers are equally relieved at the relatively mild response to the unemployment figures from *Labour* leaders. The Opposition has given the impression of being divided on tactics with some MPs demanding the immediate recall of Parliament, but others acting much more cautiously and awaiting developments at the TUC conference next week.

Defence axe

The total number of jobs in the Ministry of Defence and the Royal Ordnance factories was reduced by 1,126 last month, according to Ministry figures published yesterday.

More than 1,000 of the cuts came in the Ministry of Defence which is Whitehall's largest Ministry. Nearly two-thirds of the jobs lost—all through natural wastage—were in the industrial grades.

The Ministry and ordnance factories have now lost 4,493 jobs in the past four months leaving a total staff level of 277,000.

Slim hope of saving jobs of steel men

THE FATE of the British Steel Corporation's Consett plant, due to close next month, is unlikely to be changed today by the first meeting between union leaders and Mr. Ian MacGregor, BSC chairman, since he became chairman, writes Alan Pike.

The future of Consett is at the top of the union officials' agenda for their first meeting with Mr. MacGregor since he became chairman in July. But he appears to have accepted that Consett must close, since BSC is faced by a surplus billet capacity of 1m tonnes. This will mean the loss of 3,700 jobs and leave the Consett area with one of the worst unemployment rates in the country.

Mr. MacGregor will be anxious to turn union leaders' attention to the future of BSC at a time when the recession is reducing the steel market dramatically. He will urge the unions to consider their own role in improving the economic base of the corporation, which could lead to a discussion of productivity.

Mr. MacGregor will be soon presenting a review of BSC's position, with proposals for arresting its huge losses, to Sir Keith Joseph, the Industry Secretary. While he will not unveil his plans at today's meeting, he is expected to go into some detail about his overall impressions of BSC since becoming chairman.

Today's talks are a meeting of the TUC steel committee which, as such, will be chaired by Mr. Bob Scholey, BSC's chief executive. Mr. MacGregor will be attending *in response to union requests* to meet him.

About 280 jobs are to be axed at the Staveley works of the British Steel Corporation's Stanton and Staveley group near Chesterfield, it was announced yesterday.

The redundancies have been blamed on continuing falling demand for products. The works employs 1,600 men and has been on a four-day week since March. Earlier this year, demand for grey spun *iron pipe* and *foundry* products dropped resulting in the short-time working. There appears to be no prospect of *an early improvement* in demand.

It is hoped that voluntary redundancies will largely cover the jobs to be lost.

Ford joins Nigerian truck deal

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE ALREADY considerable turmoil in the Nigerian truck industry will be increased as a result of a deal which will involve Ford supplying from the UK up to 2,000 trucks a year worth £15m for local assembly by Steyr-Nigeria.

The trucks, 12-ton D-series vehicles using Ford's 6.2 litre diesel engine, will be assembled from completely knocked down kits at Steyr's plant at Bauchi in the north of Nigeria.

Ford previously exported truck kits to Nigeria, but shipments ended some years ago. The kits will be sent from the Langley plant in the UK, where *last year some* 41,800 D-series trucks were made, including 15,356 in kit form and a further 7,661 for export fully built up.

—Steyr-Nigeria *was* set up in 1976 as one of four Nigerian Government-approved truck assemblers which were all promised protection from imports as the infant manufacturing industry developed.

All four have a majority of Nigerian shareholders, including Government stakes.

The first to move into production was Leyland Nigeria, with its plant at Ibadan, near Lagos. Steyr-Nigeria, for which Steyr Daimler Puch of Austria supplies the technology, began operations a year ago.

A Fiat-managed group, Nigerian Truck Manufacturers, has completed a plant at Kano in the north but the formal opening has been delayed several times. The fourth group, in which Daimler-Benz of *West Germany* is involved, will operate from Enugu in the East but the plant is still not completed

The Nigerian truck makers' problems stem partly from the current slack demand and partly from the fact that Bedford trucks (supplied from General Motors' subsidiary in Britain) escaped the ban on imports imposed to protect the new manufacturers.

Bedfords hold around 20 per cent of the market. They are assembled from kits at a plant at Apapa, set up in 1959 and operated by UAC of Nigeria.

Nigeria was the major export market for Leyland Vehicles, BL's bus and truck subsidiary. Leyland's new plant is ticking over and turning out the WF trucks and the new T43 range *as well as* Land-Rovers.

BR investment level 'falls behind'

BY LYNTON McLAIN

BRITISH RAIL is falling behind other European railways in the level of investment in new track and rolling stock.

Figures published yesterday show that the total investment in railways outside the Communist bloc was expected to reach £13.3bn this year.

The new edition of Jane's World Railways and Rapid Transit Systems suggests that railways are reasserting themselves as practical and economic options for fast, efficient transport, in the face of the world fuel crisis.

But Britain was falling behind other nations in new investment. Belgium has a rail network less than a quarter of BR's size, but the investment is greater.

Many countries have pushed ahead with electrification schemes, but Britain has no plans beyond the current £100m project to electrify the lines between London and Bedford.

Jane's World Railways and Rapid Transit Systems 1980-81, price £40, 238 City Road, London EC1V 2PU.

Scottish offices overseas 'should close'

THE GOVERNMENT faces an embarrassing decision following a report from a committee of MPs yesterday which recommends that the Scottish Development Agency should be deprived of its responsibility for seeking industrial investment from abroad.

The report from the Select Committee on Scottish Affairs, as expected, suggests that the Agency's overseas offices should be shut and their functions passed on to the existing consular system.

The report claims the agency's record of attracting investment has been poor but accepts there is still an important role for it at home.

Jenkin says proposals on manual classes' health are 'unrealistic'

BY RAYMOND SNODDY

A RESEARCH group chaired by Sir Douglas Black, president, Royal College of Physicians, yesterday called for a major programme to reduce the incidence of poor health resulting from social inequalities in Britain.

The group, set up in 1977 by the Labour Government, found a striking "lack of improvement, and in some respects deterioration, of the health experience of the unskilled and semi-skilled manual classes relative to professional classes throughout the 1960s and early 1970s."

It made 37 recommendations to reduce inequality and to improve the general standard of health in Britain.

But in a foreword to the group's report—Inequalities in Health — Mr. Patrick Jenkin, Social Services Secretary, said he could not endorse the recommendations. The report was being made available for discussion without commitment from the Government.

Mr. Jenkin regretted that there was little sign that health inequalities in Britain were diminishing but said "additional expenditure on the scale which could result from the report's recommendations—the amount involved could be upwards of £2bn a year—is quite unrealistic in present or any foreseeable economic circumstances."

Sir Douglas said yesterday that the £2bn figure covered the cost of all of the group's recommendations. Half could be implemented by a change of priorities within the health service or by administrative action which would not entail high costs.

The group's main recommendations include:

- Setting up a Cabinet sub-committee to increase co-ordination of all Government departments involved in health-related policies;
- setting up a Health Development Council to set national health goals;
- provision of more support for families rearing young children, through an increase in child benefit and taxation changes;
- use of savings from the current decline in school population to finance more facilities for under-fives, including adequate day-care;
- greater emphasis on community care.

The group also seeks more restraints on advertising and sale of tobacco, and more publicity on nutrition and the causes of accidents to children.

Sir Douglas noted "a certain lack of warmth" in Mr. Jenkin's foreword but hoped the Secretary would give a more detailed response to the proposals.

The group found that a class gradient can be observed for most causes of death and that it is particularly steep in the case of respiratory diseases. Incidence of chronic sickness tends to run parallel to mortality figures.

The difference in the life-expectancy of babies is particularly marked. At birth and in the first month of life twice as many babies of "unskilled manual" parents die than do the babies of professional parents. In the next 11 months the ratio rises to four times as many girls and five times as many boys.

The report says that if the mortality rate of the professional class had applied to the unskilled and semi-skilled in 1970-72, 74,000 lives of people under 75 would not have been lost. This would have included nearly 10,000 children and 32,000 men of working age.

The group says that although accidents at work, overcrowding, and cigarette-*smoking* were related to class, health inequality could only be understood in relation to poverty, working conditions and deprivation.

The group included Prof. J. N. Morris, Professor of Community Health, London University, Prof. Peter Townsend, Professor of Sociology, Essex University, and Dr. Cyril Smith, secretary, Social Science Research Council.

Yesterday Prof. Morris said the British working class had not got rid of all the ailments of 19th-century deprivation, such as respiratory diseases. At the same time, it was being affected increasingly and unequally by the diseases of affluence, such as heart disease. "It is a very unsatisfactory picture," he said.

The group said it was particularly important that children should be protected from the increased incidence of ill-health associated with unemployment.

The 400-page report is available from Policy and Planing Unit, Rm D403, DHSS, Alexander Fleming House, Elephant and Castle, London SE1,, £8.00 plus *50p postage.*

Exchequer Stock

The Bank of England announces that, in accordance with the Aircraft and Shipbuilding Industries Act 1977, an issue of about £61.07m of 10 per cent Exchequer Stock 1983 is being made as compensation due in respect of the unquoted securities of British Aircraft Corporation (Holdings). This follows the announcement on August 21, 1980 by the Department of Industry and the stockholders' representative that compensation had been settled.

The issue will be made at the rate of £100 Exchequer Stock per £90⅞ compensation, *and the stock will rank for a* full six months' interest on December 12. It will not be distinguished from 10 per cent Exchequer Stock 1983 already in being. Dealings in the stock can take place from today.

Rolls-Royce praised for economy

By Lynton McLain

THE MOST significant single decision taken by Qantas about fuel economy in recent times was to equip with Rolls-Royce engines. Sir Lenox Hewitt, who until earlier this year was the chairman of the airline, told delegates yesterday.

He is now a member-elect to the board of directors of Ansett Transport Industries, which owns *Australia*'s *internal airline.*

The design philosophy of the RB-21 was different from competing engines, he said. The "three-spool" design was already showing significant benefits, including greater fuel efficiency for improved range, higher thrust and greater durability.

The 524D4 version of the engine would enable Qantas to be the first airline to operate a 747 Jumbo jet at 833,000 lbs take-off weight, 100,000 lbs over the *original* design *of* the first 747 nine years ago.

Improved fuel efficiency and take-off weight would represent an extra *2,000* miles of range—50 per cent over the original 4,000 miles.

Mr. Donald E. Stingel, director of the Export-Import Bank of the U.S. said that, in the 1979 fiscal year, the bank had provided finance for 128 commercial airliners, sold to 28 countries by Boeing, Lockheed and McDonnell Douglas.

Makers 'must broaden search for funds'

THE enormous investment required to design and build new *commercial* jet airliners made it imperative for manufacturers to find ways of tapping new sources of capital, said Mr. *Sanford N. McDonnell*, president and chief executive of the McDonnell Douglas Corporation of St. Louis, U.S., in a paper delivered in London *yesterday.*

Typical airliner development now involved manufacturers in a "maximum cash exposure of U.S.$1.7bn" *(£711m) and* a 12-year delay before profits would be made, Mr. McDonnell said in a paper delivered on his *behalf* by Mr. Warren Kraemer, the corporation's vice-president for Europe.

Mr. McDonnell was unable to *attend the Financial Times/* Royal Aeronautical Society conference on Aerospace into the Eighties and Beyond to deliver his paper personally because of the death of Mr. James S. McDonnell, the founder of the corporation.

Mr. Kraemer said that the point when a programme became profitable was "extremely elusive and sometimes never arrives."

Only one or two of all the commercial jet airline types built in the U.S. had *earned* their makers a profit, he said. But future programmes, which would share in an expanding market and benefit from past experience, would be profitable.

Nevertheless, the trend to find new sources of capital would become "even more pronounced in future years," Mr. Kraemer said.

The U.S. aerospace industry was dominated by Government *purchases, mainly* by the U.S. Department of Defense. On average the military aerospace sector had been about four *times larger than the commercial* aerospace market.

The two markets frequently did not move in parallel: they were driven by *entirely different* forces, he said.

The commercial market was "extremely sensitive to economic conditions." A downturn in the economy discouraged commercial flying and airlines stopped ordering new aircraft.

The time lag between the onset of a recession and the impact on orders for new aircraft meant that the commercial aircraft market would do extremely well in 1980, based on orders booked in 1978 and 1979.

But Mr. Kraemer warned of an impending slowdown in the next few years, reflecting the current economic downturn and the decline in *air travel.*

The "Government aerospace" market was not sensitive to economic change and might be counter-cyclical.

The military market was currently accelerating rapidly, reflecting rising *tension* in the world.

In recent years, the total U.S. aerospace market—military and *commercial* — had varied between $19bn and $36bn annually. This was shared largely by the 12 major U.S. aerospace companies, with Boeing, McDonnell Douglas and Lockheed at the top of the list.

By contrast, the U.S. car industry had only four major *companies. The* "pluralism and diversity" of aerospace in the U.S. was one of the characteristics which resulted in "extremely *stiff* competition." This in turn had produced a trend towards concentration of resources.

McDonnell Douglas insisted that it was a myth that extensive cross-fertilisation and feedback still existed between military aerospace and the commercial sector. Technology and design would continue to diverge.

In the commercial sector the U.S. domestic market was in a "state of extreme turbulence," Mr. Kraemer said. The turbulence had three causes.

The politically inspired move *to* deregulate domestic *U.S.* airlines with unlimited scope for competition between operators had supporters on both sides. But McDonnell Douglas said the ultimate outcome of deregulation was unclear.

Last year, supporters of deregulation looked back on the most profitable year in the *history* of U.S. airlines. They hailed deregulation as "instant success." This year, the airlines faced *deficits.*

The second source of the disruption was environmental. Stringent noise regulations have been adopted by the U.S. necessitating the replacement or modification of many airliners now in domestic service.

The "*explosive rise* in *the* price of fuel and the troubled U.S. economy" was the third cause of the difficulties now *facing* the commercial airline sector in the U.S. The 30 per cent rise in air fares in the U.S. last year, following a doubling of the price of fuel, had "virtually eliminated growth in air travel in the U.S."

But strong economic growth in many parts of the world gave cause for optimism in the longer term.

Mexico and Brazil were in the midst of a "take-off" that would result in expanding economies for the next 20 years. Expansion in the Middle *East* would continue. In the Far East, the Pacific basin with its large numbers of people and uncom*promising* commitment to *free* enterprise was now producing "the highest rate of economic growth in the world."

The EEC *also* had "by no means run out of steam." It would probably continue to show a higher rate of growth than the U.S., Mr. Kraemer said. This would all be reflected in continued demand for air travel and new civil aircraft.

Mr. Kraemer discounted the potential threat from growth in telecommunications technology.

The Douglas Aircraft Company had concluded that by 1994, worldwide air travel would have a "very healthy growth" at an average annual rate of about 6.4 per cent. As a result, demand for civil aircraft in the 1980s would be about 1.7 times greater than in the 1970s.

Military expenditure would also grow steadily.

Changes in U.S. tax laws were called for by Mr. Robert J. Carlson, president of the Pratt and Whitney Aircraft Group, in a speech at the con*ference.*

The changes were needed to help airlines finance the advanced, fuel-efficient aircraft needed to cope with rising fuel prices.

"Such tax changes should be structured to encourage airlines to buy and sell or otherwise exchange equipment with one another," Mr. Carlson said.

An airline acquiring a *used* aircraft should be able to depreciate it in accordance with actual value. An airline selling equipment *should* not be burdened with capital gains taxes resulting from inflation over the period of ownership, he said.

But operators would have to reach "new heights of efficiency" in matching aircraft to route networks if the airlines were to survive under the "new air transport economics of the 1980s."

FINANCIAL TIMES
Aerospace in the 80s and beyond
CONFERENCE

Third World airlines face hard future

THE PROBLEMS faced by Third World nations in civil aviation were outlined to delegates by Mr. Salim Bey Salaam, general manager for international and government affairs of Middle East Airlines. He is also the secretary general of the Arab Air Carriers Organisation, writes Lynton McLain.

He said Third World airlines were expected to fall behind western airlines as the impact of technological progress rendered the West's airline industry more capital intensive.

Such a trend would be heigh*tened by* the increased use of computers and the "spread of electronics."

"To match the West, Third World airlines would need more capital for investment and more operations to justify this investment." Mr. Salaam said both may be lacking.

It was likely that some of the wealthier airlines in the Third *World* could afford such investment. But the investment would be based on this wealth and not on economic success.

These developments would have an adverse impact on the productivity of airlines in the Third World, which in some cases was *only* about half that of U.S. airlines.

The widening technological gap in the 1980s could possibly reduce Third World airline productivity to only 25 per cent of that on U.S. airlines, he said.

Rising fuel prices would also have a serious impact on the fortunes of Third World airlines in the 1980s. With continued fuel price increases and a continued use of *older*, less efficient aero-engines, Third World airlines could find that fuel would account for over 70 per cent of their direct operating costs by 1990.

Such increase would be "prohibitive" and would force the airlines to keep *crew* and maintenance costs down.

The rapid growth of aviation in the West contributed to the rise of de-regulation and more competition among airlines. But Mr. Salim Bey Salaam said Third World airlines could not afford "such experiments." Neither could they bear the effects if such experiments failed.

De-regulation had also resulted in "dumping" by western airlines. Very low fares between London and Hong Kong were already in force. Sectors at intermediate points en route were likely to get even lower fares, through "*dumping*," he said.

Some airports, such as Sharjah in the Gulf had been chosen as intermediate points because they did not have national airlines and imposed no restrictions on traffic rights.

This dumping could upset the fares structure of airports in a wide area, of the Arab and non-Arab world, he said.

هكذا من الأصل

Post Office price rises and delays criticised

BY JASON CRISP

RISING POST OFFICE prices and serious deficiencies in both postal and telecommunications services bave been strongly criticised by the Post Office Users' National Council.

The council's annual report published yesterday reveals that the number of complaints recaived against the Post Office increased by nearly 30 per cent to 15,600 for the year ending March 1980, while the number of business usera complaining of long delays in obtaining specialised equipment nearly daubled.

But the POUNC report also notes that tbere are encouraging signs of a determination by Post Office management and staff to improve performance.

Mr. John Morgan, chairman of POUNC, commented: "Delaya in providing service of many months, and in aome cases up to two years, are inexcusable from a monopoly supplier."

The report tells of business users deprived of essential specialised equipment who have written "despairingly" to POUNC about Post Office inadequacies.

Tbe council welcomes the Government's plans to relax the monopoly on the attachment of equipment to the telecommunications network, hnt argues that complete responsibility for the main network must remain with the Post Office.

It also says tbat the Post Office should not neglect the needs of today'a customers while it concentrates on investment in new tecbnologies to meet future needs.

"We callad for assurances that the first priority was being given to promote a more bealthy service for today's users. . . It is certainly unacceptable that in some areas, fault repairs sbould take subatantially longer than the two days' standard the Post Office sets itself," says the report.

In reply the Post Office has told POUNC of its major investment programme to make the existing system more reliable.

Complaints about delays in the postal service increased mainly because of the fact that last *summer* only 78 per cent of the first-class mail was delivered the day after posting. But tbe report notes that for the year to March, 1979, 89 per cent of first- and second-class mail was dellvered on time, against targets of 93 and 96 per cent respectively. In the year to March, 1980, it averaged ooly 83 and 82 per cent respectively.

POUNC has proposed to the Government that it should conduct a regular audit of achievement against agreed service and productivity yard*sticks on which it would report* annually.

Mr. Morgan said: "We believe this will help foster the concept of a more open approach by the Post Office to its customers and make it more publicly accountable."

Thomson cuts tour prices

BY ARTHUR SANDLES

PACKAGE TOUR brand leader Thomson Holidays has thrown down the gauntiet to its competitors by cutting the prices of thousands of holidays, and vastly increasing its capacity for next summer—a season which Thomson itself predicts will see no increase in the total number of Britons travelling abroad.

Considerably expanding services from airports other than its traditional Luton base, Tbomson is adding 20 per cent to its 1980 capacity to bring its total number of bolidays on offer to 770,000. It is also reducing the prices of many bolidays and keeping its average price increase to around 7 per cent.

Thomson acknowledges that the strength of the pound, the scramble of airlines to sell *seats* and tha *failure* of the German and Scandinavian markets with a resultant turn to Britain by Mediterranean hoteliers, have all helped the company in its campaign.

Mr. Roger Heape, marketing controller of Thomson Holidays, said the company would he taking a much more aggressive sales stance. "We bave got to increase onr share of the market," be said.

Thomson bas underlined its keen pricing with a guarantee whicb limits surcbarges to a maximum of 10 per cent of the hrochure tariff.

The company was slow to develop the business of Britons bolidaying in the U.S., and its rivals Cosmos and Intasun were *much quicker* off the mark—but now Tbomson has increased its U.S. capacity threefold.

Thomson's cballenge is unlikely to go unanswered. There is a prospect of a price and capacity war in the package tour business similar to that currently experienced in tbe airline market. Already, there is talk of some medium-sized companies feeling the strain of selling conditions. Further competition may deepen anxieties.

Examples of the 50,000 holidays on whicb Thomson is cutting its prices include: Miami, two weeks from £358 to £325; Ibiza, from £259 to £208; and Corfu (from Glasgow) from £237 to £210.

TV stamp sales drive launched

By Arthur Sandles

THE BBC is to launch a national campaign to promote the sales of television licence savings stamps. The Corporation is eager to sbow that the licence fee is good value, and to draw attention to ways of spreading the payment burden.

"We hope our puhlicity drive will speed up introduction of new methods of licence fee payment to overcome the problem of coping with a single annual lump sun," said the BBC

Tbe Corporation wants to introduce other methods of paying the fee sucb as payment by credit cards, standing order, instalments and licence gift tokens.

The motive for the campaign is the BBC's concern that the single payment system makes it difficult to raise the fee substantially. The BBC wants £34 for a colour licence increased to £50.

Yard denies blame for platform delay

BY WILLIAM HALL

LEWIS OFFSHORE, the Stornoway fahrication yard, has denied it was to blame for delays in the conversion of the floating production platform for the Buchan Alpha field in the North Sea.

The project, originally scheduled to take six months, has taken almost two years to complete snd the original cost of £6.7m bas increased many times over. Neither BP nor Lewis Offsbore, which is part of the Norweglan Fred Olseu group, has disclosed the final cost hecause their lawyers are still disputing

The conversion from a semisubmersible drilling rig was Lewis Offshore's first major order. The yard budgeted 526,000 man hours for the joh and it has taken 3½m man hours.

At the completion ceremony in Stornoway yesterday, Mr. Micbael Thompson, managing director of Fred Olson Ltd., gave the reasons for the delay as "inaccurate drawings and frequent design changes hy the clients."

He said that, for example, the joh required six times as much steel plate as was originally planned.

Althougb Lewis Offsbore was not keen to worsen the dispute with BP yesterday, senior management insisted that the design changes and other delays were not of their making. Nor were they attributable to the modifications introduced after the Alexander Kielland rig disaster.

The contract for the conversion was won against stiff foreign competition by Aker Offshore Contracting, Fred Olsen's project management company, in conjunction with the Lewis Offshore yard. The contract was let to BP's design contractor, Matthew Hall *Engineering*.

Alexandra Palace fire cost £31m

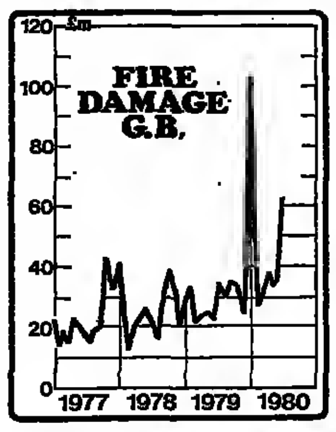
By Eric Short

LAST MONTH'S FIRE at Alaxandra Palace in North London cost British insurance companies £31m—the the third largest ever fire claim for British insurance according to figures issued yesterday by the British Insurance Association.

This loss accounted for nearly half the total fire damage last month amounting to £63.2m—a figure that has only once heen exceeded by January's £103.5m.

Fire damage costs this year so far amount to £333.7m—75 per cent above losses for the first seven months of last year and only £21.6m below the total damage for the whole of 1979.

Only the fire at British Aerospace's Weybridge warehouse this January, costing £70m, and the Flixborough disaster in June 1974, costing £36m, have exceeded the cost of the Alexandra Palace fire.



The high level of fire damage costs bas been boosted by a large number of fires in wbich damage exceeded £1m.

There were seven such fires in June, inclnding the Alexandra Palace blaze, bringing the total so far this year to 27, which inclndes the British Aerospace fire. This compares with 42 major fires in 1979.

Chemical packaging proposals

ANOTHER 121 dangerons chemicals used in industry sbould be placed on the schedule of substances within the scope of the Packaging and Labelling of Dangerous Substances Regulations 1978, the Health and Safety Commission said yesterday in a consultative document.

The proposals, in the form of draft regulations, would implement an amending European Communities Directive on classification, packaging and labelling of dangerous substances.

Some changes are also proposed to the labelling provi*sions for certain substances.*

Grassroots rebellion at the Co-op

DAVID CHURCHILL, Consumer Affairs Correspondent, investigates the power struggle at the Co-operative Wholesale Society, the largest food manufacturing and wholesaling organisation in Europe.

THE IMMINENT retirement of Sir Arthur Sugden after six years as cbief executive of the *Co-operative Wholesale Society* has hrought into sharp focus the long-running power struggle for cootrol of the largest food manufacturing and wholesaling organisation in Europe.

The CWS, which had a turnover last year of £1.7bn, is the battleground for the sort of internecine rivalry that usually characterises both the TUC and Labour Party. As with these organisations, the struggle within the co-op movement is whether power should reside in the grass roots or with the established hierarchy.

This struggie will be hrought to a bead at a special general meeting of the CWS in October to decide wbether the power of the society's chief executive — which the CWS board itself has described as a "supremo" role — sbould be lessened by the appointment of a full-time chairman of the board.

At its most basic, tbe issue is wbether the CWS ahould be controlled hy professional management or by the representatives of the grass roots of the co-op movement, supposedly embodied in the society's board of directors. Tbe issue will subsequently be put to a referendum of all the 191 retail societies.

But the conflict at the CWS is more than just another boardroom wrangle of the kind wbicb besets most private and puhlic companies. It has far-reaching *ramifications for* the 10.8m customer-members of the co-op retail societies. The major question is how the vast resources of the CWS sbould be used to belp the co-op retail movement meet the fierce competition in the High Street.

The retail societies are finding it increasingly difficult to compete with the more aggressive multiple retailers for a share of hoth the food and non-food markets. The co-op's sbare of the total retail market, for example, has fallen from 7 per cent in 1977 to 6.7 per cent last year. Many societies are heing forced to consider merging to survive, and few are trading profitably at present.

Like the TUC and Labour Party, the co-op movement is concerned with democratically reflecting the *interests* of its grass roots members. Thus the customer-members are the owners of the 191 individual retail societies who, in turn, are the owners of the CWS which acts as manufacturer, banker and supplier to the movement.

In practice this democratic structure breaks down in two main ways. First, few members bother to vote or take any active part *in* their local society. Thus many societies are run hy wbat

'Few members bother to vote, and many societies are run by self—perpetuating oligarchies.'

some critics have described as "self-perpetuating oligarchies."

Second, at a time wben the trend in retailing has been towards greater centralised control — typified by sucb aggressive multiples as Tesco, J. Sainsbury, and Asda — the CWS has been forced to act in the same way, and must take most of the credit for slowing down the decline of the co-ops during the past decade.

It was the sharp decline in the Co-op's market share during the 1960s wbich led to the CWS being given much greater *power. A special committee in* the mid-1960s came to two main conclusions: that there were too many retail societies, and that the CWS lacked management expertise at the top. The results of this internal review was the first of many plans for slimming down the number of societies, to create 25 or so large regional groups, and for a complete overhaul of the CWS's management.

It was decided that the largely full-time board which ran the organisation was unwieldy and that the directors had become out of touch with the retail societies wbo bad elected tbem. So it was proposed that a new management structure beaded by a chief executive shonld be set up, and that the board sbould revert to part-time directors.

Sucb a structure, the internal review concluded, would help end the "division of interests between the retail and wholesale sides of the movement which has embarrassed tha CWS ever since it was formed." The CWS came into existence 116 years ago.

In the 1970s the CWS thus belped establisb the national Co-op logo, the introduction of dividend stamps, built up a regional distribution network, and launched a national marketing effort. At the same time it rationalised *its* production facilities, improved productivity, built up the Co-op Bank into a clearing hank, and generally proved a commercial success.

This acbievement was spearheaded first by Mr. Philip Thomas, then — after Mr. Thomas's death in an air crash —by Mr. Alf Wilson, and latterly Sir Arthur Sugden.

But the CWS board now admits that the effect of these cbanges "was not fully perceived at the time." By 1978, the board points out, "relations between the CWS and some *societies* bad *deteriorated* and a sense of a lack of responsiveness pervaded."

In plainer language, many societies *felt* that the CWS management—beaded by the chief executive "supremo"—was determining policy within the movement, rather than letting such decisions be taken by the retail societies. It is widely accepted that the part-time board members cannot control an organisation the size of the CWS as effectively as the full-time management.

The *autonomous and fiercely* independent retail societies—whicb have found it increasingly difficult to survive in the High Street—have also been somewbat envious of the proven success of tbe CWS.

Sucb an attitude means that many retail societies cboose to buy at least a third of their needs from otber suppliers, althongh it would make more sense to gat all their supplies from the CWS.

But the prospect of Sir Arthur Sugden's retirement next month has led the retail societies, through their part-time board members, to seize the opportunity to reassert their control over the CWS management.

The board has proposed that a full-time chairman be appointed to hridge the gap between the CWS management and the board. At tbe same time, the chief executive's powers would he curhed by involving a wider management team.

Bnt it is by no means certain that the retail societies will support the proposal for a full-time chairman, because many will claim tbat it does not go far enough.

Even if the move goes ahead, it remains doubtful whether it

'The co-op's competitors must be rubbing their hannds with glee at the attempt to weaken the CWS.'

will bava any significant effect *on the Co-op's trading prob*lems in the 1980s.

Tbese problems stem from the fact that there are too many retail societies acting without the centralised control that characterises the major Higb Street multiples. The Co-op's competitors must he rubbing their bands with glee at the attempt to weaken—for wbatever motives—the power of the CWS.

Office salaries failing to match inflation

BY MAURICE SAMUELSON

INCREASES IN office salaries are falling hehind the rate of inflation, and office staff in public services have received bigger wage rises than those in private employment.

These are the key findings of the 1980 Office Salaries Analysis published today by the Institute of Administrative Management.

The maln grades of clerical workers won increases of ahout 16 or 17 per cent, 2 to 3 per cent below the retail price index on March 1, 1980, says the report, whicb covers 39,000 staff in 602 different establishments throughout the UK.

At the same time, the survey points out, unlike some earlier periods of strong inflation, average earnings of all employees *did* not appear to have lagged far behind the Retail Price Index, and at higher grades office staff kept ahreast of inflation.

Very large increases were given in the City of London and the West End, probably as a result of increased travel costs and in reaction to lower rises in the previous year. Union negotiations also resulted in some high settlements in banking and insurance in these areas.

Tbere were fairly wide variations in the increases won by different categories of clerical staff. While younger unqualified staff won an average rise of little more than 10 per cent, older and better qualified personnel secured rises between 16 and 21 per cent.

The Institute believes this reflects tbe lack of employment opportunities for younger staff and the greater ability of more qualified personnel to hold their jobs or find new employment.

Among the conorbations, Greater London continues to pay tbe highest rates, but East Anglia, the South-West and the North of England showed the year's highest pay rises. There were also surprisingly bigb increases in Tyne and Wear.

The advantage of working in energy-related companies is shown in the survey's table of office salaries in 11 industries. It is headed by coal and petroleum products, wbere salaries for middle-rank clerical staff moved to more than 36 per cent above the UK average, followed by food, drink and tobacco (15 per cent above the average) and insurance, hanking and finance (10 per cent higber).

Office Salaries Analysis 1980, by Keith L. Scott, 126 pages; £54; published by the Institute of Administrative Management, 205, High Street, Beckenham, Kent, BR3 1BA.

NATIONAL AND REGIONAL MEDIAN SALARIES FOR TYPISTS AND SECRETARIES 1980

Grade	Trainee typist £	Typist £	Senior typist/ secretary £	Senior secretary £	Executive secretary £
United Kingdom	2649	3085	3524	3916	4580
Greater London	2985	3602	4088	4447	4992
South East	2764	3249	3783	4181	4808
East Anglia	—	—	3839	3929	—
South West	—	3145	3295	3856	—
West Midlands	—	3233	3420	3780	—
East Midlands	—	3045	3300	3626	4274
Yorkshire and Humberside	—	2876	3225	3550	4006
North West	—	2892	3234	3572	4444
North	—	3538	3858	4167	—
Scotland	—	2725	3504	3775	—

Source: Institute of Administration Management

AKTIESELSKABET
KJØBENHAVNS HANDELSBANK
(COPENHAGEN HANDELSBANK A/S)
COPENHAGEN

Half-Year Report:

EARNINGS SATISFACTORY -DESPITE INCREASINGLY ADVERSE ECONOMIC CONDITIONS

Copenhagen Handelsbank's operating results for the first half of 1980 were satisfactory, even though the harsher business climate with which the corporate sector had to contend obviously affected our operations and, therefore, our pattern of earnings. Our operating profit (before adjustments for changes in the market value of securities, depreciations, provisions and taxes) amounted to D.kr. 260.5 million, against D.kr. 244.9 million in the first half of 1979.

PROFIT AND LOSS ACCOUNT

(D.kr. million)	First half of 1980	1979
Interest and commission on advances	1,561.3	993.8
Interest on deposits	—983.0	—646.6
Net income on deposit/lending operations	578.3	347.2
Interest and dividends on bonds and shares, etc.	292.8	311.9
Interest on deposits with domestic banks, net	—222.8	—63.2
Interest on deposits with foreign banks, net	47.4	30.7
Interest on subordinate loan capital	—18.1	—17.3
Net interest and commission	677.6	609.3
Other ordinary income[1])	160.4	151.8
Extraordinary income, net	1.7	3.4
Total	839.7	764.5
— Salaries and pensions	394.0	344.0
— Other expenses	185.2	175.6
Profit before adjustments for gains/losses on securities, provisions, depreciations, and taxes.	260.5	244.9

[1]) includes commission on mortgage-deed transactions of D.kr. 11.8 m (first half of of 1979: D.kr. 20.0 m).

These figures do not include an exchange loss on subordinated loan capital (estimated at D.kr. 2.8 million at end-June, as against D.kr. 14.0 million a year earlier) and an exchange gain of D.kr. 17.6 million on the portfolio of foreign securities, compared with a gain of D.kr. 16 million at end-June 1979.

At end-June, we had an unrealised loss on our portfolio of bonds and shares of D.kr. 52 million; at the same time last year, we had a gain of D.kr. 181 million.

However, taking the end-July stock market quotations as our starting point, we see our results improve to the tune of over D.kr. 100 million; and, on the basis of the current interest level, we can reckon on satisfactory gains on the value of our securities portfolio for the year as a whole.

At the present time, the budgets for the year as a whole (before provisions and value adjustments for the securities portfolio) suggest that there will be some improvement on the profits for 1979.

AKTIESELSKABET
KJØBENHAVNS HANDELSBANK
(COPENHAGEN HANDELSBANK A/S)

The Hongkong and Shanghai Banking Corporation

(Incorporated in Hong Kong with Limited Liability)

INTERIM STATEMENT (UNAUDITED) FOR THE HALF-YEAR ENDED 30 JUNE 1980

Six months to 30 June 1979	Six months to 30 June 1979			Six months to 30 June 1980	Six months to 30 June 1980
HK$485,357,000	£44,003,000	Net profit of The Hongkong and Shanghai Banking Corporation and its subsidiaries		HK$583,855,000	£50,332,000
(52,628,000)	(4,771,000)	Deduct: Profit attributable to outside shareholders in subsidiaries		(69,834,000)	(6,020,000)
HK$432,729,000	£39,232,000	Profit attributable to the shareholders of The Hongkong and Shanghai Banking Corporation		HK$514,021,000	£44,312,000
118,595,000	26,838,000	Balance brought forward from previous year	HK$341,248,000		29,417,000
—	(16,086,000)	Deduct: Capitalised as part of bonus issue April 1980	209,373,000	131,875,000	(18,049,000)
HK$551,324,000	£49,984,000			HK$645,896,000	£55,680,000
(1,153,000)	(105,000)	Deduct: Transfer to reserves—subsidiaries		(256,000)	(22,000)
(166,300,000)	(15,077,000)	Interim dividend 18c per share (1979: 24c)		(200,556,000)	(17,289,000)
HK$383,871,000	£34,802,000	Balance carried forward		HK$445,084,000	£38,369,000
HK$0.39		Earnings per share (adjusted for scrip issue)		HK$0.46	

THE FOLLOWING CONSOLIDATED BALANCE SHEET DETAILS ARE ALSO GIVEN FOR THE INFORMATION OF SHAREHOLDERS

31 December 1979			30 June 1980 (Unaudited)	
HK$125,292,490,000	£11,431,796,000	Gross assets	HK$145,970,385,000	£12,583,654,000
HK$3,709,415,000	£338,450,000	Shareholders' funds	HK$4,927,117,000	£424,751,000

The Directors announce that the share registers will be closed from 15 September to 27 September inclusive and the interim dividend of HK$0.18c per share is payable on 9 October. A final dividend of not less than HK$0.36c per share is forecast making a total distribution of not less than HK$0.54c per share for 1980.

Peter Riddell examines the latest forecasts for output and unemployment

Job prospects 'now worst since 30s'

THE PROSPECTS for unemployment in the UK are now probably the worst since the 1930s, the institute suggests in a bleak analisis of the prospects for the domestic economy.

The institute says that even thougb output is expected to make a modest recovery next year after a substantial fall this year, unemployment is likely to go on rising throughout both years.

Indications for later years suggest that it will be some time before the peak is reached and longer still before unemployment could be expected to return to anything approaching the levels of the 1950s and 1960s.

"Unemployment on this scale would be serious enough even if it were uniformly distributed but unfortunately it is likely to fall with disproportionate severity on different industries, occupations and regions."

Total output, as measured by real Gross Domestic Product, is expected to fall by 1.8 per cent this year before rising by 0.6 per cent next year.

Adult unemployment in Great Britain is projected to rise from a current level of 1.62m to 1.75m in the fourth quarter of this year and to 2.19m by the end of 1981.

This implies a much bigber figure for the UK unadjusted total including scbool-leavers.

The institute points out that since unemployment lags bebind cbanges in output it is unlikely that even a cbange in Governmeot policy or in participation or registration rates could prevent this altbougb the rate of change could be affected.

The latest forecasts are gloomier about the prospects for output, living standards and unemployment tban the last quarterly projections in May.

But the Institute has radically cbanged its view about the current account of the balance of payments, whicb it now expects to move into surplus.

Tbe major impact of the Government's deflationary policies is expected to fall on output before it affects prices.

Real personal income is forecast to rise by 1¼ per cent in 1980 but the lagged effects from declining activity mean that it is unlikely to rise next year.

Despite the rise in unemployment, avarage earnings are still expected to rise by about 16 per cent during the 1980-81 wage round.

Consumer prices are expected to rise at an average rate of over 15 per cent next year, compared with an increase of 16¾ per cent on average this year.

Tbe depression of the UK economy relative to that of the rest of the world together with the short-run inverse J-curve effects of the rise in the excbange rate (boosting tha sterling value of exports and depressing the sterling value of imports) and the excess of oil and *gas production* over consumption should lead to a big improvement in the current account.

A deficit of £828m is projected for this year with a surplus of £2bn in 1981. Sterling is expected to remain uncbanged at around its current level.

The brunt of the recession is expected to be borna by the company sector, excluding North Sea operations and *financial institutions, with* profits in real terms expected to be substantially below their 1975 level, the *low point* of the last recession.

The last review in May said the financial pressures on the company sector were becoming intolerable. "Since then the pressures bave indeed proved intolerable and employment and output bave fallen."

Investment in manufacturing is projected to fall by 10 per cent this year and by 11 per cent in 1981. Destocking of some £1¾bn is also expected by the end of next year.

Consequently, the forecast *profits squeeze is slightly* eased, with profits in industrial and commercial companies as a wbole around their 1974 rather than 1975 level in 1981 in real terms. However, after excluding North Sea oil the forecast is still for profits substantially lower than in 1975.

The May projections was that gross trading profits of industrial and commercial companies (excluding North Sea operations) would be £4.5bn in current prices this year and £2.5bn in 1981. The institute is now projecting profits of £9.6bn this year and of £10bn next year.

The overall financial deficit of the corporate sector was projected in May to be £10bn this year and £11bn in 1981. The *latest forecasts are* for deficits of £5bn this year and of £6.5bn in 1981. This compares with £4.77bn in 1979.

The increase in world oil prices, the planned price rises in the nationalised industries (10 per cent more than the rate of cost inflation) and the Government's apparent determination to hold public sector wage increases below those in the private sector contribute to the forecast decline in public sector borrowing from £9bn in the current financial year to £6.2bn in 1981-82. This is on the assumption of unchanged policies.

The automatic tendency of the budget deficit to rise during a recession is particularly offset by the forecast rapid growth in North Sea oil revenues, wbich are projected to rise by £4½bn between 1979-80 and 1981-82.

It bas been assumed that the change in sterling M3, the broadly defined money supply, in the current financial year will be at the upper end of the present 7 to 11 per cent target range but will then fall to 8 per cent, the mid point of the 6 to 10 per cent ranga projected for 1981-82.

Given the reduction in the public sector's demand for finance, tha institute's calculations suggest that, with the demand for bank loans slackening with time in response to the recession, these monetary targets can be satisfied with rather lower sales of Government debt than in the last two years.

Therefore Minimum Leoding Rate, currently 16 per cent, could possibly reacb 13 per cent *by the end of next year.*

The projected path of pnblic sector borrowing implies a decline in its percentage share of Gross Domestic Product from 5 per cent in 1979-80 to 4 per cent in the current financial year and to 2.4 per cent in 1981-82.

On a cyclically adjusted basis and using 1978-79 as a base, the public sector financial deficit (sligbtly smaller than total public borrowing) would be very small in the current financial year and there would be a large surplos in 1980-81. Tbis assumes an nnderlying cyclically adjusted rate of economic growth of 2¼ per cent a year from 1978-79 onwards.

SUMMARY OF FORECASTS
(May projections in brackets)

	Real GDP (% change, year/year)	Real personal disposable income (% change, year/year)	Unemployment (fourth quarter, m)*	Money supply (% change in sterling M3, fiscal years)	Consumer prices (% change, year/year)	Current account balance (year, £bn)	Public sector borrowing requirement (fiscal year, £bn)
1979	1.6	5.9	1.23	12.5	12.1	−2.3	9.8
1980	−1.8 (−1.1)	1.5 (2.1)	1.75 (1.6)	11 (9)	16.7 (17.2)	−0.8 (−2.6)	9.0 (7.9)
1981	0.6 (0.6)	−0.3 (1.2)	2.19 (1.96)	8 (8)	15.3 (14.9)	2.0 (−1.3)	6.2 (8.0)

* Great Britain, wholly unemployed, excluding school-leavers. *Source: National Institute Review*

National Institute Economic Review, number 93, August 1980, from National Institute of Economic and Social Research, 2 Dean Trench Street, Smith Square, London SW1P 3HE. Annual subscriptions: £25 (home) and £35 (abroad). *Single issues* for 1980: £7 (home) and £10 (abroad).

Government must act to boost consumer spending

GOVERNMENT spending sbould be increased or taxes sbould be reduced if any deceleration in the rise of money earnings is not to make the recession even worse, the National Institute of Economic and Social Research says in its latest quarterly review, publisbed this morning.

The institute, an independent economic research body, urges a relaxation of fiscal policy against the background of a gloomy analysis of the prospects for output and for unemployment.

"While it may be necessary for pre-tax real wages to fall if rapid progress is to be made in bringing down the rate of inflation, *it does not* follow that post-tax real wages also bave to fall.

"Unless the Government takes the view that even higber levels of nnemployment are needed, there seems to be no reason wby it should not use *fiscal* policy to bring abont a rise in consumers' expenditure and in output in 1981."

Its argument starts from an analysis of the ways in which moderation of nominal wages could influence output and employment.

The most immediate likely outcome is a reduction in real demand and a reduction in the level of activity. If the economy is already in recession, it is *likely that the recession* will be made a little worse.

"However, as a consequence of the (relative) reduction in inflation, changes occur in interest rates, exchange rates, the propensity to consume, and so on which may be favourable to a recovery of output and employment (and incidantally real wages) in the longer run."

"The crucial question for the longer run is wbether thesa recovery influencea are strong enough to bring the economy back to an acceptable level of unemployment."

The review says aome economists accept this as a matter of faith, bnt the institute'a model *suggests* that after an initial worsening there is a recovery of real output, such that in a few years' time the outpnt level might be higbar than otherwise. But the forces of recovery are not so strong as to guarantee a return to acceptable levels of unemployment.

The institute is doubtful about whether trade unions will *appreciate* their long-run interests and moderate wage demands accordingly.

"The trade off thus appears to be between a virtually certain short-run worsening against an improvement in the longer run which is mnch less certain and wbose scale is not guaranteed."

A mnch lower rate of inflation and consequently a much lower level of annual increases in money incomes would certainly be welcome.

However, it is "sceptical that most wage bargainers will be willing to accept any significant decline in real wages under free collective bargaining.

"Thus on tha one band we would suggest that only changes in the wage bargaining system will allow money wage increases to fall rapidly in the short run and, on the other, that fiscal policy should be used to prevent any sncb success in controlling inflation from making the recession even worse."

Fall in industrial output forecast

THE RECESSION is likely to affect outpnt in almost *every* sector over the next two years, the institute suggests in a special balf yearly analysis of industrial prospects.

Manufacturing output is expected to fall slightly further from current levels in the second balf of this year with no recovery in 1981.

This implies average annual falls of 6 per cent and 1¼ per cent. This compares with the Treasury projection at the time of the March Budget of a drop of 4½ per cent this year.

Total industrial production is expected to follow a similar pattern with falls of 5 and 1¼ per cent over the next two years.

The institute suggests that the industries that will be worst affected will be those, like energy products, steel, shipbuilding and other metal goods, where technical change encouraged by price movements, will reinforce the decline in their users' outpnt and those facing a large fall in consumer demand, like textiles and clothing.

The only industries where growth can be expected are, first, those wbere ontput is maintained by Government policy or international demand —mining and quarrying (including North Sea oil production), and aerospace; second, electronics, where the importance of technical innovations may mitigate the recession's effect; and third, food and water.

"Although the general impact of the Government's demand restraining policies blurs distinctions among industries' performance, and it is too early to see results from the limited *introduction of selective industrial* policies in some areas, some effects of particular Government policies can be observed.

"Trading industries are held back by the high exchange rate from increasing their shares of the UK and export markets as much as they otherwise could in a period when domestic demand is depressed relative to external demand.

"For some of these, high fuel prices further lower their competitiveness. *Construction is* affected by low public investment and high interest rates.

"A prolonged period of low output and therefore of low demand for new investment to expand capacity may do lasting damage to the capital goods and construction industries, affecting the prospects for an eventual recovery."

INDUSTRIAL PRODUCTION

Annual percentage rates of change of output in volume terms

	1979 (actual)	1980 (forecast)	1981 (forecast)
Food, drink, tobacco	+ 1.1	+ ½	+ ½
Chemicals	+ 1.7	− 5½	−2½
Metals	+ 1.2	−26	+1
Engineering	− 0.7	− 3	−2
Textiles, clothing, footwear leather	− 1.5	−11	−1
Timber, furniture	+ 2.0	−15	−4½
Total manufacturing	+ 0.3	− 6	−1½
Mining and quarrying (including North Sea oil)	+26.8	+ 4½	+9
Construction	− 2.8	− 4	−3
Total industrial production	+ 2.6	− 4½	− ½

Source: National Institute review

Demand for fuels reflects price rises

A CLEAR relationship exists between the shares of various fuels in the overall consumption of energy in the UK and movements in their relative real prices, according to a special article in the latest review.

The author, Jenny Morel of the institute's staff, notes the distinction between the dramatic increases in the world price of oil and the far smaller, though varying, increases in real prices paid by consumers for other fuels.

She notes that since 1973 the average real prices of oil products and coal have both increased by about 50 per cent and the real price of electricity by about half this amount, whereas that of gas is back to its 1973 level.

This has been reflected in a fall in oil and coal consumption and a rise in demand for gas.

The increase in the annual average real price of all energy bas been 35 per cent.

Total energy consumption by *final consumers*, which bad been increasing quite steadily, prior to 1973, dropped by 8½ per cent between 1973 and 1975 (output also fell in this period) but then began to increase again slightly to exceed the 1973 level with a rise of just under 10½ per cent by 1979 (*admittedly an exceptionally cold year*).

Short-term role of tariff cuts

THE RELATIONS between trade and industrialisation are examined in one of a series of special articles in the latest review.

The authors — R. A. Batchelor of the City University and R. L. Major and A. D. Morgan, both of the institute's staff—say there is no one conclusion that can be drawn for all countries.

They look especially at the effect of tariff cuts as in the Dillon and Kennedy rounds. For tha majority of the main industrial countries these tariff cuts explain most of the increase in import ratios between 1963 and 1971.

The major role attributed to the shorter term effects of tariff cuts—and the fact that they cannot be repeated on a similar scale—are the main grounds given for the view that the growth of world trade in manufactured goods will not merely remain slower than in the pre-recession years but will be lower also in relation to the growth of world manufacturing output.

Another special article—by C. J. F. Brown, now working for British Rail and formerly on the institute's staff—discusses industrial policy and economic planning in Japan and France.

A further short article describes methods used to check the complex commodity-by-commodity approach to the forecasting of primary product prices.

OECD area growth checked

THE GROWTH of output in the major industrialised countries appears to bave been abruptly checked in the second quarter of this year.

Some *fall* is likely in the second balf of 1980 with no very marked recovery before the middle of next year, the institute suggests in its review of the world economy.

Total output in the 24 countries in the Organisation for Economic Co-operation and Development area is unlikely to be mucb more than 1 per cent bigher this year than in 1979 and growth in 1981 will probably be under 2 per cent.

In the U.S., at least, recovery could begin before the end of this year but in most countries any growth is likely to be moderate until the middle of 1981.

Both consumers' expenditure and non-residential investment are expected to increase a good deal less this year than in 1979 and bousing investment is likely to fall, especially in the U.S.

Public spending will probably make much the same contribution to the growth of demand as last year.

Unemployment rates in the OECD area averaged close to 6 per cent in the second quarter after lying between 5 and 5½ per cent for the previous 2½ years.

There can be little doubt that further increases are in store. In the last recession tbe highest corresponding figures appear to bave been around 5½ per cent, reached in the second half of 1975, about two years after output reached its peak and six months beyond its subsequent low point.

Oil prices are forecast to be fairly stable until the end of the year and to increase much less on an annual basis in 1981 than this year.

The rise in consumer prices for the whole OECD area is expected to be about 13 per cent in 1980, but it may be in single figures next year.

World trada also appears to be responding predictably to the onset of recession. Owing in part to the buoyancy of trade in manufactured goods in the early part of this year, the total rise in the volume of trade is expected to reach 4 per cent in 1980, but it is likely to be rather smaller in 1981.

In both years the oil exporters are forecast to increase their imports very rapidly from the rest of the world. Nevertheless, their surpluses on current account may be $149bn this year and $174bn in 1981, compared with $67bn in 1979.

CURRENT ACCOUNT BALANCES
(U.S.$bn)

	1979 (estimate)	1980 (forecast)	1981 (forecast)
Total OECD	− 39	− 91	− 95
Other developed	—	—	− 3
Oil exporters	+ 67	+149	+174
Non-oil developing	−32	− 66	− 89
Centrally planned	+ 4	+ 8	+ 13

Akzo nv Registered Office at Arnhem

Report for the 1st half year 1980

Consolidated statement of income (in Hfl million)	2nd quarter 1980	2nd quarter 1979	1st half year 1980	1st half year 1979
Sales	3,090.2	3,047.8	6,375.0	5,948.8
Operating costs excluding depreciation	(2,828.1)	(2,760.4)	(5,808.3)	(5,380.1)
Depreciation	(120.7)	(123.1)	(244.7)	(243.8)
Operating income	141.4	164.3	322.0	314.9
Interest	(69.9)	(63.5)	(137.9)	(123.3)
Operating income less interest	71.5	100.8	184.1	191.6
Taxes on operating income less interest	(24.3)	(35.2)	(55.5)	(69.0)
Equity in earnings of non-consolidated companies	16.6	5.3	31.7	3.2
Extraordinary items	0.8	(0.2)	0.8	(5.2)
Group income	64.6	70.7	161.1	120.6
of which minority interest	(1.2)	(8.5)	(8.1)	(19.0)
Net income	63.4	62.2	153.0	101.6
Net income per common share of Hfl 20, in guilders	2.14	2.10	5.17	3.43
Common stock	591.9	591.9	591.9	591.9

Sales and results

Compared with the second quarter of 1979, sales and income for this year's second quarter were satisfactory. Owing to a perceptible downturn in the economy the level of the first quarter of 1980 was not attained, however.

Group sales for the first six months of 1980 were up 7% over the year-earlier period. Selling prices were on average 12% higher while shipments were 3% lower.

The translation into guilders of sales of foreign Group companies at lower rates of exchange had a negative effect of 2%.

Mainly due to increased earnings of non-consolidated companies, net income in the first six months of 1980 was higher than in the corresponding period of 1979.

In the first half of 1980, positive inventory valuation differences have arisen, of which an amount of Hfl 13 million is included in net income.

Man-made fibers

In the second quarter of 1980, the performance of synthetic textile and carpet fibers was worse, both for Akzona's fiber division and for Enka. Operating income for Enka's industrial fibers remained clearly positive, albeit somewhat lower than in 1979.

Chemical products and coatings

Operating income for the first six months of 1980 was satisfactory. At the end of this period the influence of a recessionary trend made itself felt for commodity chemicals.

Pharmaceuticals, consumer products and miscellaneous products

For this group of products, sales and income continued, in general, their stable development.

Capital expenditures and financing

Expenditures for additions to property, plant and equipment aggregated Hfl 270 million in the first half of 1980 (first half of 1979: Hfl 186 million).

In the second quarter, agreement was reached on the financing of the electrolysis capacity expansion in Rotterdam and of the restructuring measures for the Emmen fiber plant.

Personnel

The number of employees at June 30, 1980, remained practically unchanged from that at December 31, 1979 (83,000).

The Board of Management

AKZO Arnhem, August 1980

The breakdown of sales and operating income by product group is as follows (in Hfl million):

	Sales 2nd quarter 1980	Sales 2nd quarter 1979	Sales 1st half year 1980	Sales 1st half year 1979	Operating income 2nd quarter 1980	Operating income 2nd quarter 1979	Operating income 1st half year 1980	Operating income 1st half year 1979
man-made fibers	950	981	1,970	1,941	(20)	18	(14)	26
chemical products and coatings	1,243	1,150	2,554	2,261	77	79	181	154
pharmaceuticals, consumer products and miscellaneous products	949	949	1,941	1,808	92	80	171	151
	3,142	3,080	6,465	6,010	149	177	338	331
intra-Group deliveries	(52)	(32)	(90)	(61)				
non-allocated costs					(8)	(13)	(16)	(16)
total	3,090	3,048	6,375	5,949	141	164	322	315

Consolidated balance sheet (condensed)

in Hfl million	June 30, 1980	Dec. 31, 1979
Property, plant and equipment	3,319	3,273
Investments in non-consolidated companies and other non-current assets	435	441
Inventories	2,458	2,233
Short-term receivables and prepaid expenses	2,466	2,277
Cash and marketable securities	772	805
Total assets	9,450	9,029

	June 30, 1980	Dec. 31, 1979
Akzo N.V. stockholders' equity	2,476	2,325
Minority interest in Group equity	411	408
Group equity	2,887	2,733
Provisions	1,140	1,147
Long-term debt	2,639	2,600
Current liabilities	2,784	2,549
Total Group equity and liabilities	9,450	9,029
Stockholders' equity per common share of Hfl 20, in guilders	83.65	78.55

The positive inventory valuation differences arisen in the first half of 1980 have been uniformly distributed over the whole year, as was done in 1979. Apart from this distribution, the principles of consolidation, valuation and determination of income are the same as used in preparing the 1979 financial statements.

Copies of this report may be obtained from the London Paying Agent: Barclays Bank Limited, Securities Services Department 54, Lombard Street, London EC3P 3AH.

STET - SOCIETA FINANZIARIA TELEFONICA p.A.

Holding of the Istituto per la Ricostruzione Industriale (I.R.I.) for telecommunications and electronics

Registered Office: TURIN - Via Bertola, 28 - Tel. 5721
Head Office: ROME - Via Aniene, 31 - Tel. 8589

The Ordinary General Meeting of the STET Group, Holding of the I.R.I. Group (Istituto per la Ricostruzione Industriale) for telecommunications and electronics, was held in Turin on July 26, 1980 under the chairmanship of Dr. Arnaldo Giannini. The report of the Board of Directors and the balance sheet at March 31, 1980 were approved. The Profit and Loss Account closed with a net profit of 4.6 billion lire. The Board of Directors decided to distribute no dividend and thus, after fixing the established quota to the Legal Reserve, to allocate the available 4 billion lire to the "Reinvestment Fund for Southern Italy."

The Group's turnover exceeded 4,000 billion lire with an increase of 18% in comparison with 1978.

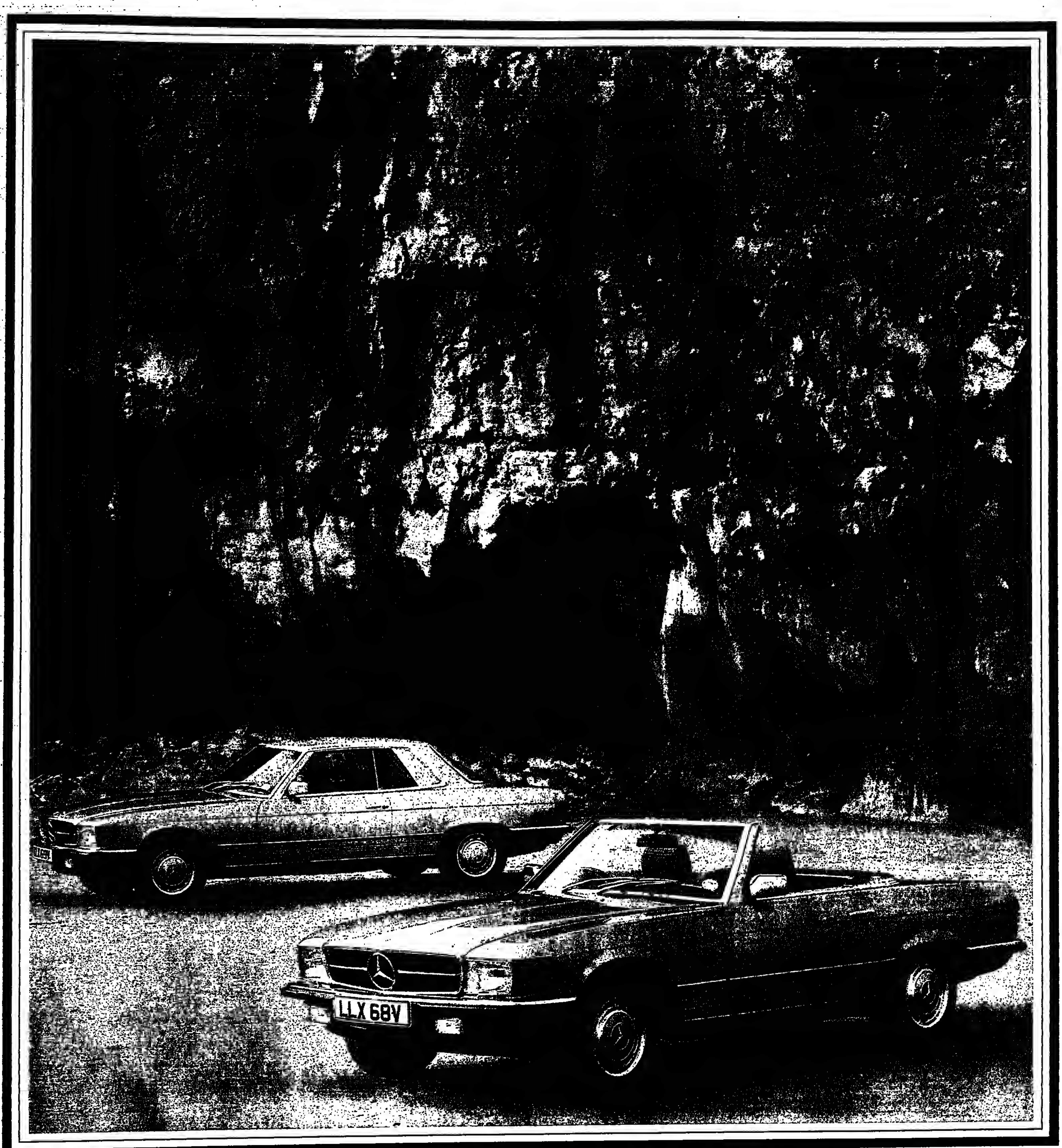
At the end of 1979 the staff numbered 133,000; the labour cost registered a 20% increase. Abroad the overall turnover reached 270 billion lire, whereas the sales, equal to about 22% of the STET manufacturing and subsidiary societies' overall turnover, confirmed the positive trend of the Group to further expansion.

The Group's financial performance equal to 7,257 billion lire reflects the considerably increasing volume of investments.

Dr. Arnaldo Giannini is the Chairman of the Board, Dr. Carlo Cerutti the Vice-Chairman and Dr. Paolo Pugliese the Managing Director.

مكتبة الأسد

هكذا من الأصل



OUR WIDE NEW RANGE OF ENGINES COMES IN THESE TWO SHAPES AND SIZES.

There are no better surroundings for Mercedes-Benz advanced engineering than the sleek, spacious comfort of the SLC coupes and those leaders in sports car luxury, the SL's.

The envy of many and arguably the most handsome cars on the road, the new advanced SLC's and SL's form a technically faultless range.

Although dramatic new developments have taken place under the bonnet, the results have not been extravagant, over-powered cars of little practical value.

Top of the range, the 500 SL has benefited from our boldest engineering developments.

The merest touch of its transistorised ignition arousing a mighty 5.0 litre V8 fuel-injected aluminium alloy engine, developing 240 DIN/hp at 5,000 revs.

New aluminium engines will also be found in the 380 SL and 380 SLC.

This time a 3.8 litre V8 with fuel-injection, developing 218 DIN at 5,500 revs. As you'd expect, the new engines from Mercedes-Benz are not only very powerful, they're extremely sensible too.

So, while most other aluminium engines have steel cylinder liners, ours have cylinders lined with hard-wearing silicon crystals.

A refinement extending life expectancy and efficiency.

Another advantage of these lightweight aluminium engines is, of course, significantly improved fuel consumption.

All three models benefit from our rugged new torque converter automatic transmission as standard.

The new 280 SL's and the SLC's both have 2.8 litre six cylinder, in line, fuel-injection engines with twin overhead camshafts.

As always, increased performance and significant technical advances have not led to any radical modifications in the classic design.

You'll hardly notice the addition of the front spoiler on the SL's and the SLC's.

And, the 500 SL's boot spoiler is anything but ostentatious.

However, once behind the wheel the difference is plain. A degree of sensitive handling that will surprise and enthuse any experienced sports car driver. While the rear spoiler gives noticeably improved stability at high speeds. Two features that scientifically and systematically provide supremely efficient road holding and greater safety.

Not to be ignored when safety is being reviewed is the rigid steel passenger cell that was perfected and patented by Mercedes-Benz as long ago as the 1950's.

This cell is integrated with crumple zones at the front and rear which decelerate the force of the collision. So as you'd expect, the Mercedes-Benz SL's and SLC's are remarkably safe.

Of course no sports car made by Mercedes-Benz is purely sleek looks and power. Today's SLC's and SL's provide the ultimate combination of high performance, unthought of peace, quiet and luxurious comfort that for decades has been synonymous with the name Mercedes-Benz.

Mercedes-Benz

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

How to spend a penny and more than Save It

3M's British outlay on energy conservation has so far been recouped five-fold. Arnold Kransdorff reports

AFTER SEVEN years of ever-increasing oil prices British industry is at last coming alive to the fact that a radical change is needed in its approach to energy saving programmes.

Until recently managements have tended to embark on programmes that cost little or nothing: they have been reluctant — or perhaps just unimaginative — in effectively accommodating any energy management function within their existing hierarchial structure.

Usually the attempt to cut back on energy bills has been a superficial one. An already-employed manager would be temporarily assigned to energy saving, and, after cursory consideration, he would probably recomend solutions like insulating boilers, turning down thermostats and switching off lights.

He might even go so far as to install spray taps in all washrooms, given that few people use basin plugs (savings could be around £48 per tap per year, according to the Department of Energy) but after a token effort, he would return to his normal duties—until, perhaps, the next price rise.

In general the subject has never been as important as it is now, so responsibility for energy has usually been subsumed within other operational areas; it has also commonly been a lateral management function rather than a vertical one.

One company that claims to have found an effective management formula is 3M UK, the British arm of Minnesota Mining and Manufacturing, a diversified group making adhesive tape (including Scotch tape), abrasive papers and health care products.

The UK company calculates that cumulatively it has saved more than £2.5m through energy conservation since 1975-76 for a capital cost of around £500,000. Without the energy conservation programme its current annual fuel bill would almost double, to about £2.5m, it claims.

In addition the company claims that in the early stages it was able to achieve significant energy conservation at little, or no, capital expenditure. Later measures required capital investment, but often the pay-back period was under two months, while the cost of some

3M UK: ANNUAL ENERGY SAVINGS

	1977 %	1978 %	1979 %
Fuel Oil	34.0	30.1	14.5
Electricity	7.8	5.2	10.0
Gas	20.0	14.5	45.3
Water	19.5	9.7	12.0

of the more ambitious schemes will be recouped in about three years.

In fact the energy conservation programme has proved so successful that 3M has set up an *independent consultancy* to advise other companies on how to tackle the problem.

3M's energy conservation activities fall within the company's engineering function of plant installation and maintenance; Denis Boatfield, the manager of engineering services, is the person responsible for energy saving.

Aside from the technical aspects of energy conservation, one of his main tasks has been to change the existing management approach to the problem.

Historically, a shift foreman was responsible to a maintenance engineer; he, in turn, reported to the plant engineer, part of whose function was budgeting and forecasting.

Boatfield has two criticisms of this management structure which, he says, is shared with a large number of British companies.

Denis Boatfield, 3M's energy supremo, checking machinery in the boilerhouse.

Factory-wide basis

In the first place budgeting and forecasting for engineering projects is very inefficient given that it is done on a factory-wide basis rather than on a smaller scale, where there should be less margin for error. Secondly, on the operational level, mistakes during one shift are invariably blamed on the previous shift, he says. "So nobody can really be held responsible."

Boatfield's solution is draconian, but simple; he has advocated that responsibility for budgeting and forecasting be pushed down the line to the shift foreman, whose function has thus been extended to include responsibility, along with the production foreman, "for the whole production process."

The shift foreman, now called an area foreman, continues to report to a maintenance engineer. As before he is responsible to the plant engineer, whose role in respect of budgeting and forecasting becomes supervisory. In simple terms this means "putting management in the hands of the shop floor," says Boatfield.

In terms of manpower the change has also meant a reduction in numbers on the payroll. Since the mid-1970s the number of engineers has been cut by *almost a fifth to about 130 while* those above the rank of foreman have been reduced from 24 to 19.

On a world-wide basis 3M has organised its energy programme by formulating a central committee at head office in St. Paul, Minnesota, and central committees in each foreign country; they, in turn, control sub-committees in each manufacturing location. Both central and sub-committees have complete involvement with all operational sections.

The sub-committees set plant energy targets and programmes, audit savings and report to the central committee.

As part of his new function the area foreman is required to make forecasts of labour and material required to maintain his operational area for a 12-month period. This necessarily includes predicting, and adhering to, production outputs, a vital element in Boatfield's strategy to ensure that an economic performance is maintained.

In addition the foreman controls all technical labour and materials and manages the planned *maintenance* programme as well as the production process to get maximum utilisation out of all machinery. Boatfield notes that because the foreman is closer to the work-face, he is undoubtedly the best *qualified to* make technical suggestions for getting rid of faults.

"Within a traditional manufacturing environment it is a fact of life that a plant manager must be responsible for all *functions* within *his* organisation, and this includes engineering," says Boatfield.

"If we accept this point, it follows that the area production foreman in a department as now defined by 3m must have complete responsibility, including engineering. In each engineering project there must be complete production involvement."

Boatfield believes that within the engineering function "it is vital that we avoid engineering for engineering's sake, designs which lack maintenance knowledge and duplication of equipment as far as possible."

He adds: "It is also vitally important that engineers and maintenance groups, when in*vestigating situations* which have caused break-down or lack of production, do not blame others, or the equipment, for the break-down. Problems should be accepted, put right, then discussed with the per*sons concerned. This cools down* the situation and when they are aware that it is now their fault, they take responsibility for the situation."

Boatfield explains that following the energy crisis of *1973-74*, an edict was given to plant engineers that in their overall function they were responsible for controlling costs. They were told to absorb the increased prices of energy by finding alternative methods and schemes.

"At this time it was realised that over the years no one had really examined the cost of energy. It was too cheap, and therefore did not particularly influence calculations relative to manufacturing output to the extent that it should have done. One only had to realise the lack of thought in this area to understand that there are very easy ways to improve the situation provided there is determination to examine the situation logically."

Over the years the company has been able to reduce its energy bill in the most unlikely areas. At one end of the scale it cost nothing to reduce the level of lighting during 1977 for an annual saving of £2,000. For an outlay of just under £1,000 there was a saving of about £2,600 by insulating a fuel oil tank.

In 1978 an infra-red survey, which pin-pointed heat loss, led to savings of £6,000 for a cost of £420. By increasing the efficiency of a boiler at an outlay of £1,800, a total of £18,000 was sliced off running costs.

Elsewhere, hot water was recycled, saving £25,000 in 1978 for an outlay of just £250. All these savings are cumulative.

3M's inventiveness has also extended to finding a cheaper alternative for double glazing in its older buildings which contain a lot of glass. It has researched and developed a new product called P19 solar control film — a clear, flexible plastic — which, when applied to a single pane of glass, "gives improvement approaching double glazing."

Attractive rewards

Boatfield says that one of the most important aspects is that energy *cost saving programmes* have put the company's engineers in a position of credibility "whereby we can ask for and justify further capital expenditure.

"It is now a reasonably easy matter to encourage management to invest capital, proving quite conclusively that the rewards are attractive."

On a year-on-year basis since 1974 actual savings on energy have ranged from about 13 per cent a year to 20 per cent a year in 1979. Boatfields' forecast is for another 20 per cent saving in 1980.

Over the years the most substantial energy savings have been achieved at the company's Atherstone plant, east of Birmingham, which makes abrasives. Savings there of more than a third were achieved in 1977 followed by just over a quarter in 1978. Substantial success has also been achieved at the Gorseinon factory, a multi-product plant in Wales, with savings of a fifth in 1977 and more than 10 per cent in 1978.

Since then the company's energy saving programme has become even more ambitious.

Currently, at a cost of £284,000 (including a £100,000 Government grant), 3M is switching to a direct firing process at the tape coating plant at Gorseinon. The company projects that its annual energy savings on this process will amount to £67,000 and the savings on raw materials and labour will be £56,000 per year. The amount should be recouped within 30 months.

The company also plans to use a direct firing process on the abrasive paper making plant at Atherstone, to be brought on stream early next year. This programme should yield annual savings of about £80,000 on fuel, £70,000 on materials and £17,000 on maintenance. If this is achieved the investment should be recouped in under two years.

The company also managed to save energy, albeit only 4 per cent in 1977 and 1 per cent in 1978, in its regional offices. Boatfield notes that the premises were built within the last 20 years so most of the equipment and the buildings are modern in design.

His efforts in energy conservation illustrate that the problem, an accelerating one, *can* be cut down to size. The cost of energy is now an overwhelming overhead—and therefore deserves more attention than management has, up to now, been prepared to give it. *Installing spray taps is clearly* a start. From then on it takes a bit more imagination, as 3M UK has proved.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Maintenance and repairs

I own a house divided into two self-contained furnished flats both let on a long-term basis. Due to exceptionally severe weather in the winter of 1978-79 the plaster on the front of the house all fell away. I have had it repaired, but the Inland Revenue will not agree for me to count the cost as an allowable expense, claiming that it is maintenance and not repair.

I cannot understand this as in their Tax Return Guide 1980-81 they list maintenance and repairs as allowable, apart from the fact that at least part of the contractor's bill must count as repairs. I am enclosing copies of the contractor's bill and the letter from the Inspector of Taxes. Do you think I should appeal?

It is rather a pity you did not say how long ago you bought the house, and how long ago you first let it. If it was first let before April 1975, you may be able to resist the inspector's restriction of the wear-and-tear allowance (by 10 per cent of the rates), by virtue of the Inland Revenue press release of October 13, 1977: "This new basis is being applied to new cases of furnished lettings which become assessable for 1975-76 or a later year for the first time. Normally the Inland Revenue do not seek to change the future basis for existing *cases which have been assessed* for 1974-75 and earlier years, and if the old basis conforms with earlier practice it is to be allowed to continue on a personal basis." This press release was confirmed on June 19 last year as Statement of Practice A19.

The inspector's statement that maintenance expenditure is not allowable under case VI of schedule D is, as you suspect, nonsense. You should ask him to send you a copy of the free booklet IR27 (Notes on the taxation of income from real property), and draw his attention to paragraph 20.

It is possible that he may counter attack, by seeking to disallow the expenditure under paragraph 69(b) of the booklet. Such an attack could probably be defeated, but we cannot be certain from the bare facts given.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

● METALWORKING

Press causes less wear on tools

A BRITISH designed and manufactured power press offering the advantages of highly sophisticated and expensive presses at a price all jobbing shops can afford is now available from Cincinnati Milacron.

Derek Rimmer, engineering manager for Cincinnati's UK subsidiary in Birmingham, said the new machine, the AH40, gave the flexibility and cost advantages of the workhorses of the industry—C-frame or open fronted machines—with the performance of double-sided machines costing three or four times as much.

According to Mr. Rimmer, users of small power presses—the kind of jobbing shops which might supply, say, brackets for seat runners to the major car manufacturers, or electrical contacts, were looking increasingly *for machines which could* use progression tooling—that is, pressing tools in which more than one stage of the pressing operation can be undertaken. Savings in time and labour can be considerable, but for the small shop the capital outlay—£40,000-£50,000 may be too much.

C-frame machines are insufficiently rigid and precise to take the larger multi-stage tooling. The deflection caused when the press is operated makes the machine lean back on itself and wears the pressing tools unacceptably.

The AH40 achieves the necessary rigidity through a single *piece frame. According* to Mr. Rimmer: "The rest of the machine is of the open front concept, promoting rapid tool changeover." The first AH40s are already in use at Kompress, where Mr. Nigel Sturtivant, the technical director, says he is "agreeably surprised at the speed we have been able to change tools on what appears, at first sight, to be a conventional double sided machine."

Mr. Rimmer also pointed out that special attention has been paid to deadening noise with anti-noise legislation in prospect.

The AH40 costs approximately £15,000, about 3-5 per cent more than a conventional 40 ton C-frame press.

Cinicinnati Milacron is on 021-351 3821.

Finding the best machine

PRODUCTION ENGINEERS faced with the problem of selecting new numerically controlled machines and supporting services could benefit from a new service set up by the Machine Tool Industry Research Association.

With support from the Department of Industry, MTIRA has established a data centre holding up-to-date information about virtually all the NC machine tools, control systems, programming aids and retro-fitting devices available on the UK market.

The association has devised a classification system to permit rapid retrieval of information about equipment which conforms to a given set of user requirements—that could mean the type of machine required, the work piece capacity or the cost.

Preliminary studies made before setting up the data centre indicated that most companies choosing NC machines select from the range they know best while ignoring machines that may be better suited to their purpose.

The data centre already stores information about more than 1,000 machines and services provided by over 200 suppliers.

● COMPONENTS

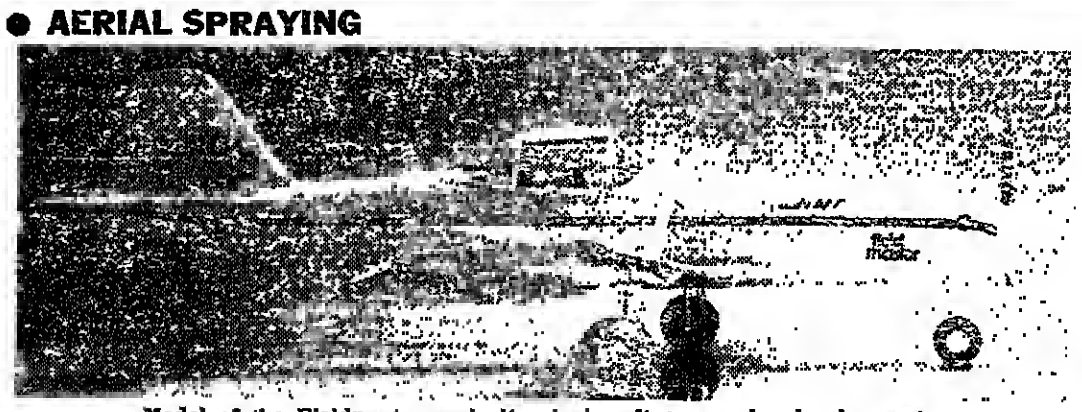
They take the strain

FURNITURE springs made of 3M Scotchply material (non-woven glass fibres strengthened with special epoxy resins) are claimed to be suitable for use on upholstered rocker chairs and on reclining or swivel chairs.

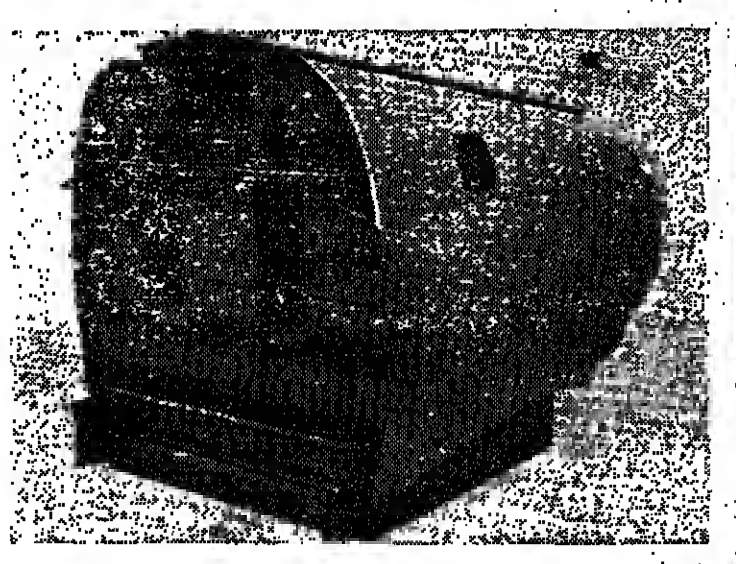
Advantages claimed for Scotchply *springs include* resistance to fatigue after flexing millions of times, non-corrodibility, smoothness of movement, silence, and low cost. They are lighter than aluminium and, 3M claims, six times more efficient for this duty than SAE 1060 steel.

Details from 3M United Kingdom, PO Box 1, Bracknell, Berks. (0344 58273).

● AERIAL SPRAYING



Model of the Fieldmaster agricultural aircraft now under development.



Titanium hopper which forms integral part of the airframe.

Hopper forms part of airframe

A TITANIUM hopper designed and built as an integral part of the airframe and a 750 shp turbopropeller engine are salient features of the Fieldmaster agricultural aircraft now being *developed by NDN* Aircraft, Goodwood Aerodrome, Chichester, West Sussex (0243 784337).

The Fieldmaster programme is being financed jointly by NDN and the National Research Development Corporation (NRDC), which is contributing rather less than half the development costs of £500,000.

Most agricultural aircraft are derived from standard production machines and have a hopper installed in a bay within the fuselage structure. The Fieldmaster design, however, represents an original approach. The hopper, which must be at the centre of gravity of the aircraft, has therefore been made a structural component and its outside face will be a part of the fuselage. This concept will produce an aircraft of reduced size and weight for a given payload, NDN claims.

Although titanium costs about 10 times as much as stainless steel for a given weight, it has exceptional resistance to corrosion and fatigue besides being light and strong. It is therefore eminently suitable for carrying fertilisers, herbicides, pesticidea, insecticides, seeds or anti-pollutant chemicals.

Since the operating costs of agricultural aviation now exceed the initial capital equipment costs, favourable economic performance requires larger, faster and more efficient aircraft. The Fieldmaster is designed for a hopper capacity of 4,500 lb, a high application speed of 100 knots, a ferrying speed of 150 knots, and a rapid rate of climb.

Its special features include auxiliary aerofoil flaps fitted across the entire 50 ft span of the wing. These flaps will house the spray dispersal system and, it is claimed, ensure that the air "downwash" from the flaps will carry the droplets right into the crop.

The Pratt and Whitney turbopropeller engine, mounted directly on to the front of the titanium hopper, can use kerosene or tractor diesel fuel. It will drive a 106-in diameter reversing and feathering Hartzell propeller.

The prototype titanium hopper and the engine assembly of the Fieldmaster can be seen on the NRDC/NDN Stand No. S136 at the Farnborough International Exhibition from August 31 to September 7.

Spraying from the air

ANY aircraft fitted with under-wing pylons can be adapted for spraying, says Micronair (Aerial) of Bembridge Fort, Sandown, Isle of Wight PO36 8QS (0983 406111).

The company has devised equipment for this purpose consisting of two spray "pods" each with lengths of 95 inches, diameters of 18 inches and capacities of 50 U.S. gallons.

The spray is produced by the company's standard atomisers which are mounted at the rear of each tank. Both the flow of chemical and the size of spray droplets can be adjusted to suit the particular operation being undertaken, the droplets ranging from 50 microns diameter for spraying against flying insects to 1000 microns which might be needed to sink oil slicks.

Both pods are controlled from a panel in the cockpit.

● TEXTILES

Blows loose fibres away

IN THE knitting industry it has been general for operatives to have the *responsibility of* keeping their machines clean and free from the dust and "fly" that collects when knitting staple fibre yarns.

The loose fibres fill the atmosphere and tend to settle on machines which, if they are not frequently "blown-down" will soon clog and fall in their efficiency and the quality of the cloth they are knitting.

Now, a comparatively simple and *inexpensive solution to this* problem has been developed for application to existing and new yarn creels. Called Cleanit the system uses fans that are adjustable for various heights and positions and which are aimed at such key points as the yarn guides, knitting elements, stop-motions and feed wheels in the knitting machines. Any loose fibres are blown away the moment they settle.

The Cleanit concept is a development of Alan Shelton (Wioston Avenue, Croft, Leics. LE9 6GQ. Phone 0455 282880) and it is claimed that with it machine operating efficiencies are improved as is the quality of the fabrics being knitted. The major advantages are the avoidance of knitting-in lint slubs and the possible damage caused by loose fibres falling on the needles.

● PROCESSING

Etching microchips accurately

PLASMA ETCHING is one of the newest of the micro-electronic chip manufacturing processes and manufacturers are already seeking refinements in machine design.

Latest is the Model 700 from Tegal, an American company with a significant proportion of the market for plasma etchers in the U.S. The machine is marketed in this country by Microsystem Services of High Wycombe, which already reports interest from chip manufacturers in this country such as Motorola, Ferranti, GEC Semiconductor, General Instruments and, perhaps most interestingly, the Ministry of Defence.

In the etching process, selected areas of the silicon surface of the chip are etched away using suitable chemicals. The earliest processes used etching solutions in the same way that unwanted copper from a printed circuit board is dissolved away using a weak acid. This technique led to less-than-perfect definition and to undercutting of the silicon edge.

Plasma etching involves using the etchant in the ionized gaseous state. Individual wafers—slices of silicon etched with the circuits for memories or processors—are held in the plasma and radio frequency current applied. The resulting etched wafers are of much greater quality than wet-etched wafers.

The Model 700 used a system to detect the end of the etching process based on the emission of carbon monoxide from the reaction chamber.

The machines cost £28,565 in the UK and Microsystem Services on 0494 41661 will provide full details.

● FINISHING

Paint spray guns

A RANGE of air-spray guns for paint application has been introduced by Graco, Wednesfield Road, Wolverhampton (0902 51924). They are available in three basic sizes and in versions for pressure, suction or gravity feed. Two of the basic models have an air control valve built into the handle for fine control of atomisation. All three have aluminium bodies with brass fluid passages.

Fluid delivery rates vary from 500 cc/minute for the lightweight Model 600 (weight 450 grammes) to 1,350 cc/minute for the heavy-duty Model 800 (weight 600 grammes) which can apply materials ranging from fine finishes to thick protective coatings.

Model 700, which weighs 535 grammes and delivers up to 900 cc/minute, is designed for metal and wood finishing, small finishing jobs, touch-up and repair painting.

● SAFETY

Trip wire adds safety

A TRIP-WIRE system to stop lathes and other machine tools quickly in an emergency has been developed by J. & T. Electrical Controls, Pepper Road, Leeds (0532 716108). The system is claimed to be fail-safe and to be suitable for use alone or in conjunction with the company's JeTbrake emergency brakes.

A plastic-covered steel cable runs along the front of the machine tool and is connected to a trip-switch at one end and a fixed point at the other. Where more than about 10 feet of cable is required for large machines it is recommended that a trip-switch be fitted at each end.

The contacts on the trip-switches are arranged so that the power circuit is interrupted when the cable is pulled in any direction. It is also interrupted if the cable goes slack or is broken.

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Controls for industry

● TRANSPORT

Dual-mode trolleybus

THE prototype of a double-deck trolleybus for Sigma Power Corporation (a subsidiary of Anglo-American Corporation of South Africa) is now nearing completion at the Telford, Shropshire, works of Quest 80.

The trolleybus is due to enter service with the Johannesburg Municipality later this year. It will be able to operate using an overhead supply system or operate independently at service speed for an indefinite period making use of an on-board diesel electric generating pack.

This "dual mode" design overcomes many of the drawbacks encountered with earlier trolleybus operation, says Quest 80, in that the vehicles can continue to operate during power failures and can operate suburban or lightly loaded *routes without the heavy capital* expenditure involved in the construction of overhead supply lines and power distribution.

British Brown Boveri and Brush Electrical Machines (a Hawker Siddeley subsidiary) have been working with Quest on development of the electric traction and control equipment.

In addition to the present project Quest is engaged in initial design work on a 17 or 20 metre long, 200-passenger, articulated trolleybus which will be "dual mode" and have provision for automatic steering, braking and power control for operating in reserved carriage-ways to enable it to equal the speed and frequency of a tram.

Details of the projects can be obtained from the company at its headquarters at 17, Hollow Street, Great Somerford, Chippenham, Wiltshire SN15 5JB. (0249 720 346.)

● PACKAGING

Improves look of labels

THE supplier of the labels referred to under this heading on August 22 is P. P. Payne, Haydn Road, Nottingham (0602 607221) and not J. L. T. Smith of Walsall as then stated.

هكذا من الأرشيف

Unions fail to agree on nuclear weapons policy

BY CHRISTIAN TYLER, LABOUR EDITOR

A POLICY battle inside the TUC over nuclear disarmament, which could have important consequences for the Labour Party Conference debate in October, was being fought out in Brighton yesterday, ahead of next week's annual Congress.

An attempt to get the unions to agree on a common line for the debate next week seemed to be failing last night. The focus of the struggle is the transport workers' union, which has put down a motion strongly implying that Britain should unilaterally renounce the nuclear deterrent.

Its chief opponent, the engineering section of the Amalgamated Union of Engineering Workers, is determined to keep the TUC to its present policy of supporting mutual disarmament only.

At one stage during a meeting of the TUC General Council yesterday, it appeared that both sides were ready to try to agree a draft composite motion on the issue which would fudge the difference between them. But neither could agree on the interpretation that would be put on such a motion by Mr. Tom Jackson, the TUC spokesman on international affairs, when he opens the debate on Thursday.

The argument was intensified by Mr. Terry Duffy, president of the engineers, who yesterday published a statement strongly supporting Britain's Nato commitments. If the Labour Party supported neutrality, he said, it would noise the confidence of millions of workers "and it would deserve to do so."

His statement said: "Dictstorships only respect others, when they speak from a position of armed strength." It went on to accuse the Soviet Union of repression, and said that ti give up nuclear weapons and the Nato alliance "might salve the conscience of the pacifist minority and encourage fellow-travellers," but it would also encourage the Soviet Union in new military adventures. Britain would he "at the mercy of Russia's good intentions."

Meanwhile, controversy about the TUC's forthcoming visit to Poland was revived. The Civil and Public Services Association, currently under right-wing control, has put down an emergency motion saying that the visit should be called off. The General Council will discuss the motioo today, but in the light of previous statements will probably seek to have it withdrawn. Two other emergency motions on Poland merely seek to put Congress's moral support behind the Polish strikers.

The Electricians—whose general secretary, Mr. Frank Chapple—has strongly criticised the proposed visit, is not seeking to stop the delegation. Its motion asks the Congress to support the recent message of encouragement from the International Metal Workers' Federation to the Polish strikers.

But the union is being asked to withdraw a motion supporting the Charter 77 dissidents in Czechoslovakia, on the grounds that the matter is already in band and that the TUC should be concerned specifically with trade union right rather than human rights in general.

Mr. Chapple said of the Polish visit yesterday that people might be foolish eoough to believe that they could go to Polaod and learo something. It was, he said, a sort of a holiday for the TUC visitors, "if you think it's a holiday to see Polish workers haviog their heads cracked opeo."

The 112th Congress of the TUC may be free of controversy on other major issues, because most of the delegates' energy will be devoted to lambasting the Government for its social, economic, and industrial relations programme.

But there could be some aharp exchanges on a composite motion from two righl-wing unions in favour of incomes planning with a Labour Government. If the motion were successfol, it would certainly encourage Mr. James Callagban, the Leader of the Opposition, who addresses the conference on Tuesday, to renew his efforts to work out a deal with the unions on pay and prices before the next election.

Insulation contractors ready for talks on national agreement

BY JOHN LLOYD, LABOUR CORRESPONDENT

CONTRACTORS and unions who carry out insulation work on large constructioo sites bave agreed to take part in talks on a new natiooal agreement aimed at improving labour relations and productivity.

The agreement to talk is a break-through for the construction industry, which has been plagued by differing wage and bonus rates, amoog which those set by the insulation contracts have been the most troublesome.

The long-running inter-union dispute at the Isle of Grain, which has been referred to the TUC's General Council meeting next month, has at its core the high bonus rates paid to themal insulation engineers, or laggers.

The commitment to take part in the talks was made in a letter from the national joint council representing both aides of the insulatioo industry to the cbairman of the provisional negotiating committee which is conducting the talks on a national aite agreement.

Mr. Cbarles Allen, director of the Thermal Insulation Contractors Associstion, said that the agreement to talk "had no striogs attached."

However, the two unioos iovolved—the Transport and General Workers Union snd the General and Municipal Workers Union, which represent laggers in Scotland and England respectively—have still to be convinced of the benefit of the national agreement to their members.

The talks on the national site agreement itself, which are largely between the Engineering Employers Federation and the craft unions, are said by both sides to be going well. It is expected tbat an sgreement can be reached by the end of the month.

Discussions on the common hourly rate are taking as their basis the rates agreed by electricians in separate negotiations early this year.

The rate agreed for s time-serving electrician was £2.70, tbough union negotiators have ssid that tbey could rise as bigb as £3.50

Work stops at Lithgow yard

BY OUR LABOUR STAFF

ABOUT HALF of the 3,000-strong workforce at the Scott Lithgow's Kingston Glen shipbuilding yard walked ont yesterday, halting work on a £60m emergency snpport vessel commissioned by BP.

The dispnte, which the company said Involves mainly **boilermakers and plumbers, is over special allowanees for work on difficult or dangerous sections of the vessel.**

Sbop stewards at Kingston Glen had recommended an overtime ban when negotiations with the management broke down earlier in the week. Instead, workers voted to "black" sections of the ship. When these sanctions were applied, a confrontation developed leading to a walk-out.

Mr. Cameron Parker, Scott Lithgow's chairman, said that he believed the dispute would be settled shortly. Scott Lithgow, part of British Shipbuilders, is the largest shipbuilder in Scotland, with a total workforce of around 6,000.

Bank staff accept 17% pay rise

BY NICK GARNETT, LABOUR STAFF

NEGOTIATORS for the staff association at the Bank of England bave reluctantly accepted a 17 per cent pay increase, several per cent below the overall settlement for staff in the English clearing banks.

The management, in negotiations with the Bank of England Staff Organisation, refused to move beyond its 17 per cent offer. It says that this falls within the Government's 14 per cent cash limit for the last pay round, because of staff reductions over aod above those achieved as a result of exchange control relaxations.

The Banking, Insurance and Finance Union aod the componeot parts of the new Clearing Bank Union which operates in three of the five clearers secured a settlement in April after fairly difficult oegotiations, which in total will probably mean a rise of more than 25 per cent on the banks' wage bills.

This includes the effects of an arbitration award for managers, increases in London weighting and improvements in bolidays and overtime still to be agreed.

The overall settlement in the clearers, however, included rises for the basic clerical grades only slightly higber than the 17 per ceot Bank of England settlement, which operates from July. The 17 per cent individual salary increases do not include improvements made to the London weigbting allowances.

The Bank of England Staff Organisation bad begun moves to take the pay issue through the Advisory, Coociliation and Arbitration Service's concilistion machinery.

Mr. Ian Patridge, the staff association's general secretary, said yesterday that this course had been abaodoned because the staff association did not believe that it beld out the possibility of improvements in the offer.

This belief had arisen because of the size of recent public sector pay settlements, such as those for school and university teachers and industrial civil servants.

The Bank of England settlement affects about 4,000 staff.

● Special pay allowances offered to clearing baok staff in the Channel Islands were accepted yesterday by the Clearing Bank Union.

The offer, still to be accepted by the Banking, Insurance and Finance Union, involves an allowance worth 11 per cent of salary in Guernsey and 9½ per cent of salaries paid io Jersey.

Communists call for defiance of law

BY OUR LABOUR STAFF

THE COMMUNIST Party will today urge the TUC-affiliated unions, wbose leaders are gathering in Brighton for this year's congress, to defy the Government's new Employment Act.

The party says that the lack of trade union success in resisting plant and other closures over the past year and the failure to turn trade union opposition to the Government's labour law proposals into mass campaigning "demands the clearest rejection of the law and mobilisation at workplace and natiooal levels against its use."

An article by Mr. Mick Costella, the Communists' national industrial organiser, published today in the party's fortnightly journal, states that trade unions art unanimous in their opposition to the law. The question to be decide dby the congress will be the TUC's contribution to the fight against it.

The prospect of a major public division between unions over the question whether to comply with the Act has been removed now that an amendment threatening expulsion from the TUC for acceptance of the law bas fallen, but there are still sbarp differences of ponion over the response to the Act.

The miners are among those advocating industrial action, if necessary, against the Act. But the engineering workers, for instance, have already declared their acceptance of the provisions of the law and their readiness to take up the Government's offer of public funding for union ballots.

The Communist Party gives support, unsurprisingly, to the miners' stance. It is critical of the moderate engineers' and electricians' unions, accusing them of being "the Tories' Trojan borse" over accepting money for ballots.

The price of gaining the 30 pieces of silver" offered by Mr. James Prior, Employment Secretary, "is abandonment of all-out opposition to the anti-union Act itself," it asserts.

The article also criticises the TUC for failing to bring forward for debate at next week's congress the issues of racialism and Northern Ireland.

It welcomes the likely replacement of Mr. Joe Gormley, the miners' president, by Mr. Arthur Scargill, the left-wing Yorkshire miners' president, as one of the National Union of Mineworkers' two members on the TUC general council.

Town hall staffs oppose planning control changes

BY PAULINE CLARK, LABOUR STAFF

LOCAL government union leaders have condemned as "fundamentally ill-conceived" new government plans for changing some of the controls on planning and development for building work.

The National and Local Government Officers Association, which warns that the changes could lead quickly to a deterioration in the environment, has also called for an extension to the period of less than two weeks which, it says, it has been given to study the plans.

In a letter to Mr. Michael Heseltine, Secretary for the Environment, the union describes the Government'a Draft Circular on Development Control — Policy and Practice, due —as "a clear attempt to weaken to be distributed in September, the system of planning and development control which has made such a valuable contribution to the physical environment in which we live."

Mr. Geoffrey Drain, general secretary of the union, also joins the local authority associations in rejecting criticisms of present planning and development control.

"Quite naturally, private developers and other commercial interests would like a reduction in the constraints on their activities," he says. "But the self-interested pleadings of entrepreneurs cannot be regarded as objective views as to what is best for the community as a whole.

Mr. Drain warns that a reduction in the present controls could lead to a free-for-all which could "quite quickly bring about environmental deterioration, and have ramifications for generations ahead."

He rejects suggestiona that local authorities are inefficient and dilatory in plsnning matters, and that a large quantity of economic activity is locked up in the processing of planning applications.

Nalgo to vote on taking claim to arbitration

BY OUR LABOUR STAFF

REPRESENTATIVES of 500,000 local government workers will decide today whether to go to arbitration on their 20 per cent pay claim or to take industrial action.

The decision will be taken at a special delegate conference in London of about 1,000 members of the National and Local Government Officers Association.

Calls for industrial action in the face of a 13 per cent pay offer by local authority employers are contained in five motions—from Oxford County, Knowsley, Leeds, Newcastle and Glasgow.

Strong support is expected, however, for the recommendation by the union's local government committee to go to arbitration—a method of solving the differences between the two sides that the employers have indicated they are prepard to accept.

The committee's motion describes the employers' 13 per cent offer as totally unacceptable and argues that it will "seriously erode the pay relativities and living standards of members and is an attempt to claw back gains from a comparability exercise."

Four union branebes will urge acceptance of arbitration but call for interim pay increases ranging from 10 to 13 per cent.

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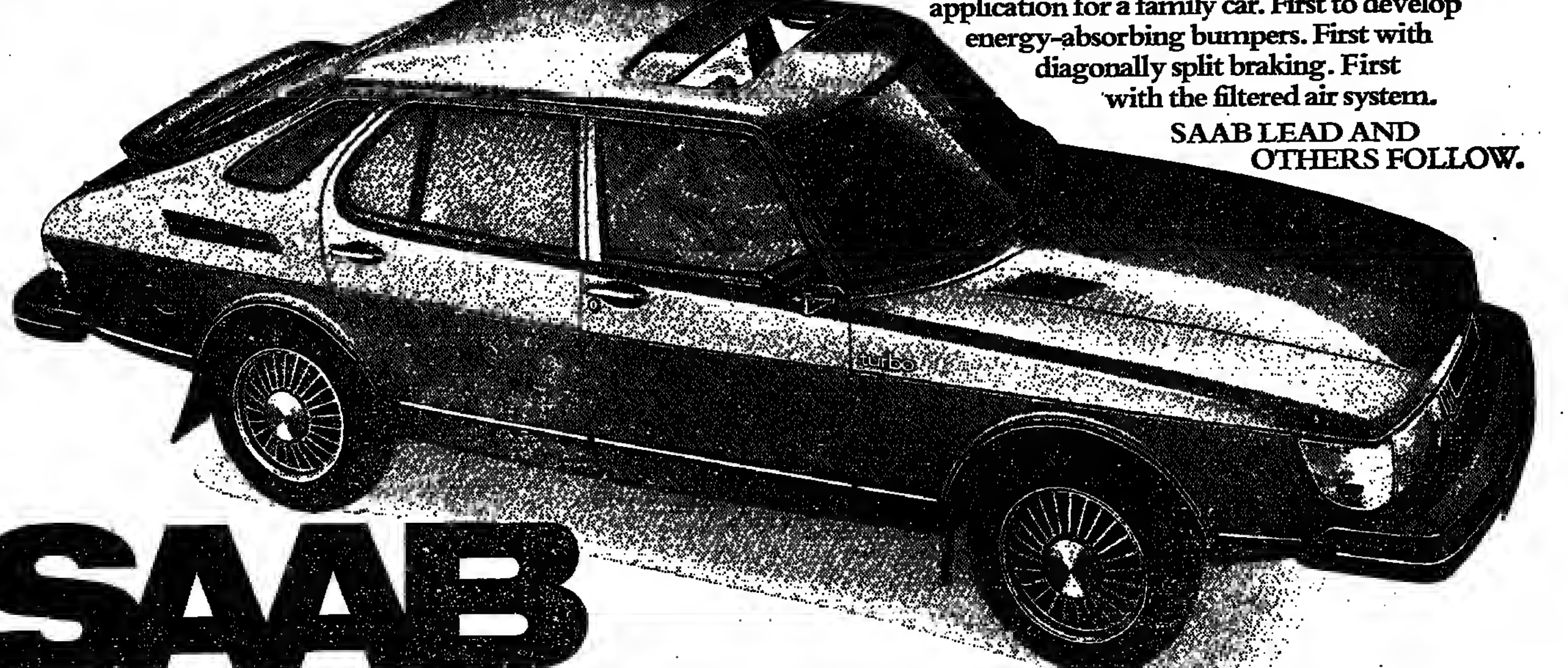

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Also available – 99 RANGE · From:

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All prices and specification correct at time of going to press.

FINANCIAL TIMES SURVEY

Friday August 29 1980

Estate Management and Forestry

Times are growing harder for the British farmer. Costs are rising ahead of profits and returns from forestry are lower than from pastoral farming. After a period of rapid rises, however, land prices are levelling off and institutions are again looking at the market.

In the field: an FMC livestock officer (left) discusses with a Midlands farmer the marketing of his beef. Below: Velcourt, the partnership farmer, uses a helicopter to inspect crops. Five hundred acres can be covered in 20 minutes

Farmers face a bleak future

By John Cherrington

Agriculture Correspondent

FOR THOSE involved in the husiness of farming and forestry tbe future looks difficult, even hleak. Prices for all food products are now more or less equal throughout the Community except for West Germany and there is no more opportunity for devaluing the Green Pound to raise prices further.

At the same time costs are still accelerating. This year they are expected to rise by 20 per cent towards which the Community Review bas recouped at most 4 per cent and for milk and the equivalent of a theoretical 2 per cent.

Tbis is a constant hurden of complaint hy the National Farmers' Union, one that it has been making for some time. But although there may have heen some element of crying wolf in earlier years, this is tbe reality now. The facts of this economic landmine had been concealed by the transitional arrangements for joining the EEC over the years from 1973-78. During this time the prices of farm products were gradually readjusted upwards to EEC levels and costs in general did not follow so swiftly.

This did allow for considerable profitability, particularly in the arable sector which enjoyed a comparative boom. The profits made then led to a substantial rise in land values, in investment iu machines and bulldings, in the delusion that lhis state of affairs would go on for ever.

Politicians also encouraged the belief that British farmers were as efficient as any in the world and certainly a good deal better than those in the rest of the Member States where farms were so much smaller. The notion got abroad that as soon as there was free trade in food, this competitive advantage would give Britisb farmers a secure ascendancy over all others.

Because this factor is an essential element in any management study lt sbould be spelled out more fully. In hroad terms the technical abilities of British farming; yields per cow, per acre and so on are roughly similar to those in equivalent areas in Europe. Where there are differences, sucb as the increased yield of sugar beet in Europe, or of grass in the West of England, these differences are of soil and climate, and not of farming skills.

In fact the proportion of good arable land is probahly less in Britain than elsewhere in Europe, and even the grassland areas are no hetter advantaged than say Western France. Only in farm size is there a marked difference. British policy diverged from that of the rest of Europe in the 18th century with the Enclosure Acts, which wiped out the smallholders and peasants and which encouraged the provision of bigger units.

This in an industrial context would be the very hasis of common sense. But in farming terms it could in the end be disastrous.

Survival

The hulk of British production comes from an average farm employing up to four men including the farmer. The average European farmer employs only his family, which means that in a cost cutting fight for survival the European farmer will probably win. Studies made in Ireland, France and Holland have shown that in dairying, farmers in those countries bave a very decided cost advantage over those in Britain. These may be negative advantages in that they reflect a low input, almost subsistence type, of farming, but they are very real, particularly in the livestock section.

I helieve that the impact of this competition will he felt first of all in the livestock sector, particularly in pigs, poultry and dairying, and may in the end come to affect the arable sector as well. It is a challenge which is particularly hard to counter with the more sophisticated aids to management which are available nowadays.

The plain fact is that the determinant of farming survival in a difficult time is the ability of the farmer to endure a considerahle degree of hard graft and hard living, either because he wants to go on farming whatever happens, or because he has no other road to follow.

Funds look again at land market

THE FUND managers appear to he eyeing the farmland market again after a year in which they mostly stood hack and, in tbe words of one of them, "waited for it to cool down."

ft now seems to have done so. The latest figures from lhe Ministry of Agriculture for vacant land prices in the three months to June show prlees achieved of £4,377 per heclare.

In terms of the Ministry's land index, in which 1973 is 100, the June level was 227, a mere seven points higher than a year earlier. The Ministry's accompanying note says that "there has been no clear trend in the 12 months."

fn fact the market seems to bave been testing a peak. In the May/July quarter last year prices reached their 12 month peak of £4,344 only to fall to around £4,000 hy the late autumn. So the early summer figures for this year show only a return to the previous plateau.

More recent sales bavé confirmed the Ministry's figures. Strutt and Parker in August reported the sale of 10,000 acrea in Norwlch to the ubiquitous "anonymous pension fund." The vendor was a subaidiary of Roheco, the Dutch institution, and the price was around £1,800 an acre.

These prices are certainly less heady than they bave heen for a few years which might tempt institutions back with some consistency into a market of which they have become rather chary.

Owning farmland, from an institutional polnt of vlew, has two main disadvantages: it demands a lot of management time and the negligible initial retnrns entail considerahle reliance on future growth projectioos.

In the past decade, farmland rentals have repaid the hopes invested in them. The last two review periods in particular (covering six years) have each produced significaot growth. Initial yields of 2 and 3 per cent bave been handsomely increased.

But it does not take a specialist to see that such increases cannot he permanently relied upon. Tbey were a function of the early days of "harmonisation" with the EEC as farm prices were hrought up to the level of European counterparts. Farmers' profits rose io line and the landlord benefited in bis turn.

Now that "harmonisation" has been largely acbieved and injections of funds ioto the community's agricultural sector are not just less needed hut politically unwelcome in some quarters, tbe honanza is over.

Unspectacular

From now on, therefore, the institutions know that tbey can expect unspectacular rent reviews and a capital appreciation curve whicb will flatten out somewhat as a result.

It is noticeahle that the funds have not been tempted into putting more than 5 per cent, on average, into agricultural land—a sign that the managers are not always led to excesses hy the latest fad.

More significantly for the future health of their funds, they have also steered pretty well clear of in-hand farming despite beavy blandishment over the years.

Since the early 1970s, fund managers have been exhorted to improve their returns on agricultural land by combining the landlord's rent with the profits of a farming partnership usually topped up by the financier's interest on loans for capital investment in the farm.

A few institutions have entered partnerships with working farmers or bave appointed their own managers. Most claim that the experience is more hy way of a valuable experiment which teaches them the problems of their tenants on the main portfolio.

A few more have lent farming tenants working capital on commercial terms but none, so far, has developed this business further than spasmodically.

Where the institutions have baulked is at full scale corporate farming. Throughout the past decade they have argued that lhey lacked the expertise to enter the farming business on a professional commercial basis.

The recent sad news of the break up of Fountain Farming, the Stewart Wrightson suhsidiary, estahlisbed to persuade institutions that corporate farming had a future, has only proved the institutions' fears well founded.

In 1977, Fountain Farmlng had to sell its land to the Electricity Council pension funds. The cost of carrying the interest on the money borrowed to buy 25,000 acres purchased during the early 1970s was said to he destroying an otherwise healthy business—Fonntain Farming's teoant farming operation.

The electricity funds were persuaded that Fountain Farming was a good investment, profits from which would top up the return from rents pald by Fountain as tenant on the funds' land. So the pension funds took a 25 per cent stake in Fountain.

For the past year, Fountain has been trying to sell its entire husiness, which has tenancies on 14,000 acres (operations on another 10,000 acres in Wales and Scotland bad previously heen closed and tbe tenancies relinquished). No huyer was forthcomlng for the operation aa a whole and in August Stewart Wrightson had to buy hack the electricity funds' stake and sell off tenancies piecemeal—some to its own executives, some to landlords.

Stewart Wrightson, bowover, is still involved in institutional land ownership tbrough its management of 160,000 acres of forest land, mainly in Scotland. Fountain Forestry ls said to he making profits of about £200,000 aod a return on capital employed of over 20 per cent.

Forestry is becoming increasingly popular with institutions but not, unfortunately, in this country. Growing cycles are too long in Scotland even for tbe 40-year pension funds and the recent spate of closures of pulp aod paper mills servicing the Scottish Highlands bas hligbted the market further.

Christine Moir

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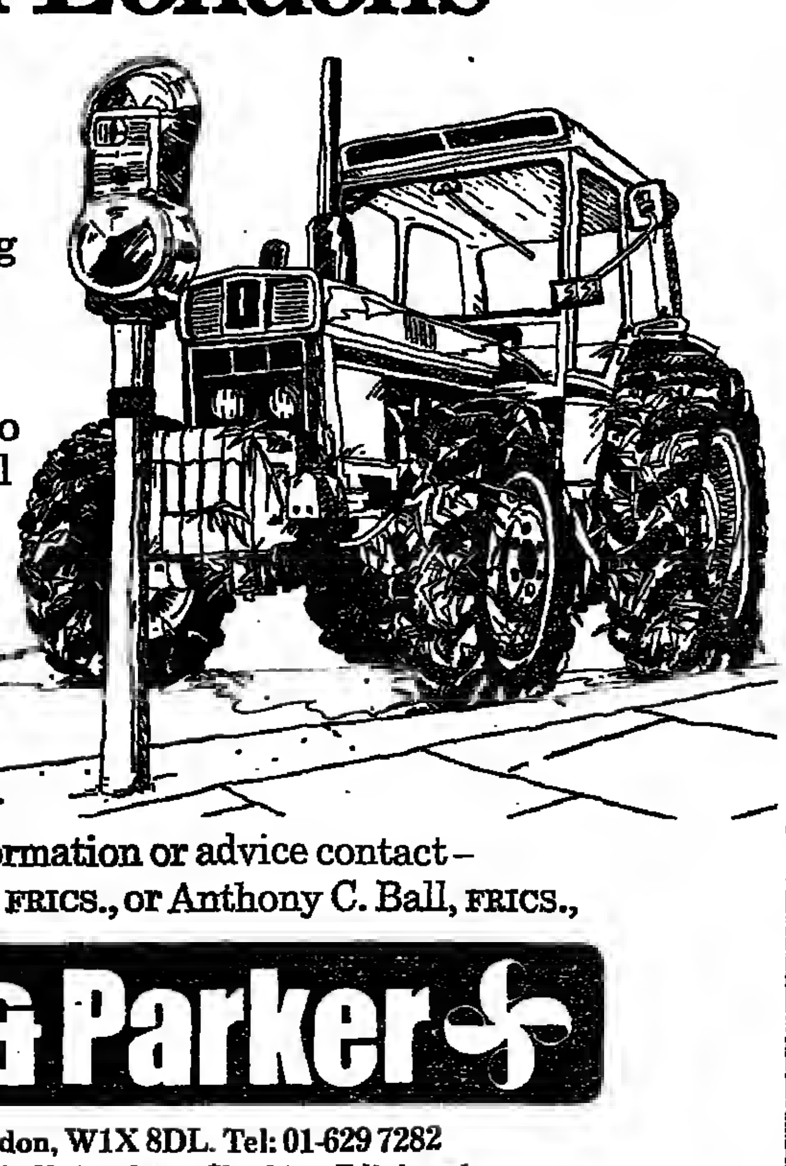

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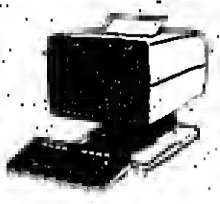

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ESTATE MANAGEMENT AND FORESTRY II

Timber growers face a buyers' market

A mechanical grab moves felled trees in the Solway Forest, Dumfries

BRITISH FORESTRY was never taken seriously until the First World War produced such a scarcity of timber previously imported, that the Forestry Commission was started to make sure that such a thing never happened again.

The previous time Britain had suffered a shortage of timber was in the late 18th century when Napoleon was keeping us out of the Continent. The British Government of the day colonised the Australian mainland, together with Norfolk Island, to make sure of the Norfolk pines with which to make ships spars.

The Forestry Commission over the last 60 years has planted some 2.1m acres of trees, largely pines, and the private sector, particularly since the last war, has contributed roughly the same. Private sector planting, though, has largely been a consequence of high taxation which attracted investment by rich individuals who would otherwise be forced to pay the major portion of their income invested in trees to the tax man.

Neither the Forestry Commission nor the private investors have had the incentive of a viable market for their timber for the simple reason that it did not exist. The British market is dominated by imports, and these seem to be increasing their hold on the market, both for timber in the round and for finished and semi-finished products. Some of this is a reflection of quality: some northern countries can grow better trees than can most of the British Isles.

But this again should be qualified. It is a truism that the best trees grow on the best land. But in Britain the returns from land devoted to farming have always been better than from that under forest. So when it came to securing land for planting, the Forestry Commission and private foresters had to compete against farming interests which could outbid them for all but the worst of land in some of the most inaccessible places.

Even today it is possible to make a case for almost any form of pastoral farming which would show a better return than forestry, given the same investment in inputs.

Under pressure

It now looks as though the market for indigenous timber is under pressure. Part of the huge pulp mill at Fort William is to close. This was built particularly to absorb the product of the Scottish plantings and its closure is a bitter blow to foresters in that area.

Other mills and conversion facilities are either closing or have been much reduced to the extent that sales of timber for the present are into very much of a buyers' market. It is probable that such sales as have taken place have been at or below the costs of growing and extraction.

The expansion of private forestry was also badly hit by the 1979 June budget which, by reducing very high rates of tax, gave rich men the alternative of enjoying their marginal income themselves, rather than leaving it in trees for their posterity to cash in.

One of the advantages which used to be claimed for forestry was that it would give employment in areas where there was little alternative. This hope, which was perfectly sensible 50 years ago, has been upset by the facts of modern technology. The system of ploughing before planting means that no weeding is necessary in the majority of plantations. This, and the fall off in pulp wood sales, means that once the trees are planted they may not need the application of human labour for the best part of a lifetime. Forestry is now a matter of mobile gangs, working a long way from their bases.

It does seem that the Government has a responsibility here. It is doubtful if the proposed sale to private interests of a proportion of Forestry Commission plantations will do much for the Government's finances, which is its prime aim. But it will most probably undermine confidence in the future of forestry and its related interests.

No industry can operate successfully against the sort of competition that timber growers and users have to face from imports. It does not seem sensible to let the processing industry be crushed to the extent that the only outlet for some forms of timber has been its export to Scandinavia and elsewhere as a raw material for re-export back to this country.

This question becomes more urgent every year as the trees planted in past years come close to harvesting in increasing quantities. Simply to support an attenuated Forestry Commission is not sufficient for the provision of what is a vital raw material.

John Cherrington

No sure way of budgeting

NO ONE has yet devised the ideal mechanism for farm accounting, and it is doubtful if anyone ever will, simply because a farm's basic prosperity is in the end controlled by the weather and the instability of markets. This means that an accurate budget is extraordinarily difficult to formulate. Yields can vary by at least 20 per cent annually due to causes right out of the farmers control, and this applies both to crops and livestock.

In the same way, inputs can also vary widely. One year soil conditions and weed growth could be so favourable that a crop will be grown very cheaply indeed. But the following year the costs of the operations could be doubled. There is no cast iron rule for a farming process. The farmer has to do the best he can in the circumstances of the time.

In spite of the fixed prices of the Common Market, returns can vary very widely from what were expected when the farming policy was decided. For instance, total returns from sheep and cattle are actually less than they were at the same time last year, while grain prices are very little different.

For this reason most farmers budget their forward commitments and returns for very wide margins indeed, in the knowledge that almost everything could go wrong, and most probably will.

Another problem is in the practical impossibility of determinging the relative profitability of the separate branches of a farm. The difficulty here is the allocation of overheads, because on a mixed farm there are quite long periods when, because of the weather or other causes, the men have little to do but wait for an opportunity for productive work. To which particular item should their cost be debited.

There are systems of enterprise costings, but they are extremely complicated to operate and not really practical to apply on the average farm. The alternative is the gross margin system which averages out the total fixed costs and total overheads on an acreage basis and then costs each crop on the basis of the actual inputs; seeds, fertilisers and chemicals as a variable cost. The difference between the sum of the fixed and variable costs and the total return for the crop gives the gross margin.

This system, which is very widely used, is a valuable guide in the absence of anything else, but does not go sufficiently deeply into the fundamentals of farm management. A simple example is a farm where the rotation is dependent on a grassland break in the arable system. The return from this grassland is quite often much lower in gross margin terms than that from the cropped land: so much so that farmers tend to disregard the rotational benefits of a grass break and press for more cropping instead.

Essential

This may or may not be technically wise, but the point is that in this, and many similar cases, the grassland break is an essential factor in producing arable crops and in reality some of its expense should be debited against the arable crops which are making such a good showing.

Even complete enterprise costing accounting will fail to give the right answer to this particular conundrum. But the spread of computer services and other aids to calculation can set out the alternatives in a much shorter space of time than was ever possible before.

But the most modern of business aids to farming must take into account the human factor. The average farmer is an individualist running his own show and of necessity doing more and more of this practical work himself.

He is probably perverse in that he is better at some things than others, and although, for instance, the computer may say that one particular branch of business should be dropped, it may be the one that he is best at doing. If he should be induced to drop it there is no certainty that what is left will be in any way improved because he may be temperamentally unsuited to it.

J.C.

Back-up services save time

BECAUSE OF the comparatively small size of the average English farm, the scope for the employment of either managers or management services is necessarily limited. Few farm businesses have the margins within which to insert a management structure in the conventional sense. The majority of farmers are their own managers, and as the pressures on then increase, so they will be more involved in the practical details of their businesses.

This is already the rule in many overseas countries. In New Zealand and Australia, for instance, the manager of some quite large units is often the only man to be employed. In these cases there is scope for the provision of some essential auxillary services.

Most farmers dislike book-keeping intensely, and a whole gamut of consultancy services is available for providing the specialised knowledge required in book-keeping, cash flow calculations and so on.

These services are being extended to technical guidance as well, in the use of chemicals and fertilisers. There is a plethora of choice with the Advisory Service, ADAS, merchant companies and private consultants all looking for the farmers' custom. This advice all has to be paid for in the end: even ADAS now makes a charge for some of its services.

Many of these people provide skills which in the old days the farmer provided himself. But he now no longer has the time or the ability to master the constantly changing complexity of modern farming techniques—techniques which frequently last no more than a year or so before being superseded.

Owners of the larger estates can of course, if they have their farms in hand, afford, because of their scale, to employ qualified managerial staff. In earlier days they used to absolve themselves of this by letting their farms. But now virtual security of tenure has made this unattractive, and they have solved their managemnt problems by farming in partnership with those who in other circumstances would have been their tenants.

Squeezed

There are many of these farming partner companies, the best known pioneer being Velcourt, which can provide the working expertise for large areas of land. It appeared to do well enough in arable farming up to the last couple of years, but now that all farming costs are pressing upwards, the margins of profit to be shared between the partners are being squeezed.

One of the advantages claimed for the spread of partnership farming, and the involvement of big companies generally, was that it would provide opportunities for the employment as managers of the host of young men and women who leave agricultural colleges every year and who have really no hope of farming on their own.

This is true as far as it goes. But it is doubtful if these organisations can develop much further. Where employment is likely to be available is in the consultancy services aforementioned.

Few farmers have been trained to evaluate the complex techniques which are offered them today. Even if they had once been to college, the lessons learned there will have been superseded several times over since their graduation.

It does seem that the farm is becoming a battlefield with the salesmen of different nostrums fighting to sell the farmer the maximum to get the best results while the poor chap knows that the only criterion he has is whether the treatment, such as it is, will actually return a profit over its costs.

This is no way to denigrate those who provide the essential ingredients of successful husbandry. But on the other hand they are seldom in a position to give a categorical answer.

The most worthwhile adviser to employ is one who can give a definite answer on this point. Such paragons are very thin on the ground, even if they do exist, but their employment would be guaranted once they had proved themselves.

J.C.

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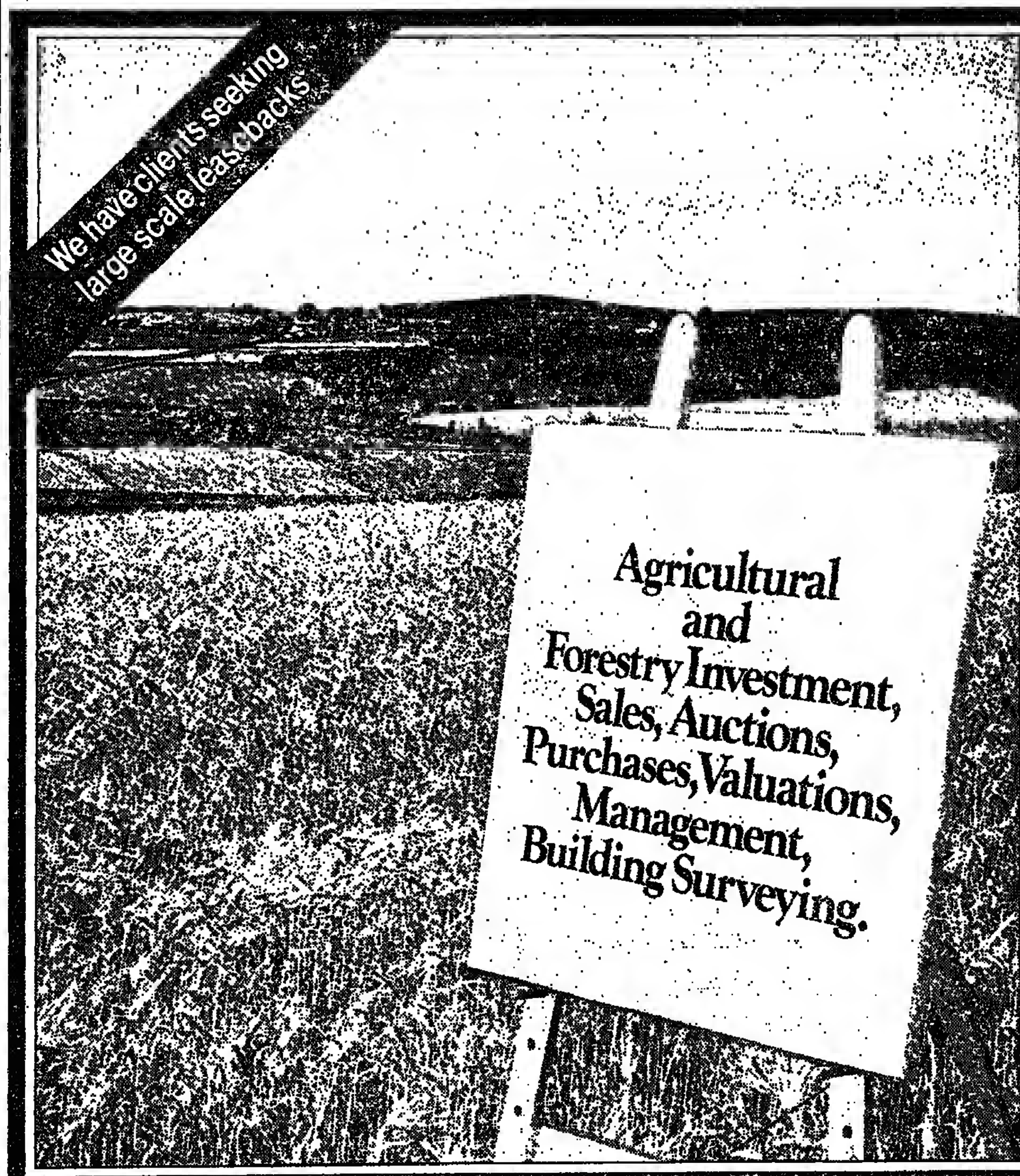

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LOMBARD

The Polish challenge

BY IAN DAVIDSON

EVER SINCE the Soviet Union extended its grip nn eastern Europe, western observers have speculated how long the structure could last: could a system of centralised physical planning really deliver the goods in an age of extreme econnmic and technological complexity, and could the Russians aeriously expect to be able to ensure that their satellites wnuld indefinitely subordinate themselves, not merely to Soviet national inlerests and to Soviet foreign policy, hut also to a olavish implementatinn of the Soviet political and economic model? Events now under way in Warsaw and Gdansk may not provide firm answers to such speculation, but they may well throw an interesting light on the problem.

Tensions

This is nnt nf course the first time these questions have been dramatised on the ground. Hungary in 1956 and Czechoslovakia in 1968 both bnre eloquent witness to the inherent tensions in the systems imposed by the Soviet Union, and even mnre elnquent testimony to the Russians' determination that, if their satellites were not prepared voluntarily to submit to the Soviet mndel they would he made to submit hy force. One cannot he sure that the Russians would not he prepered tn go tn the same lengths again if they felt that the situation in Pnland had got out of hand and would or might threalen Soviet control, there nr elsewhere in eastern Europe.

But they must be very reluctant to dn so. Poland is a much larger and more populous country than Czechoslovakia, and Polish hatred of the Russians is legendary. Naturally, there can he little doubt about the outcome of a Soviet military intervention, hut if there were any 6ghting there could be a bloodbatb. Coming on top of Afghanistan, such a sequeoce of events wnuld have quite unpredictable consequences for the foreign policy of the Atlantic Alliance countries in general, and nf the U.S. ln particular, whoever is elected ln November.

Of course things may not get that bad: the question ls, how far can they go and still remain wlthln the limits of Sovlet toleratlon? After all, eastern Europe is not totally monolithic, but shows signi6cant diversity of methods and of policies.

Poland itself has a largely private agricultural sector, and a strong Catholic church. It would be surprising if the Russians could lnng tolerate genuine democracy in the Pnlish trade uninn system, let alooe the establishment of genuinely free trade unions. But it must be assumed that Mr. Gierek got Mnscow's blessing before he made an offer in this direction.

On the haais of tbe record elsewhere in eastern Europe it would seem that the sine qua non for the Russians is the maintenance nf authnritarian political control by the party machine and the centrat state apparatus. Hungary and Romania have diverged from the basic model in economic and foreign policy. hut they have not permitted political freednm. Dubcek nverstenped tbe line hy encouraging greater potitical liberalism: Gierek, hy contrast, is trylng to save the situatinn (and himself) hy conceding as little on the political front as he can. His task (and that of the strikers) has heen made that much easier, in that their challenge tn the state has been conducted with the greatest quietness.

Legitimacy

But that the strikers are challenging the state and tbe party apparatus can scarcely he in douht, whatever they may claim to the contrary. Autonomous and genulnely democratic trade unions must turo out to be rival political structures to the party. It is tempting to hope that the authorities may helleve that they can llve with such a change, on the grnunds that this is the only way to regaln a measure of popular legitlmacy for themselves, as well as heing the only way tn limit tbe damage being inflicted on Poland's vulnerable economy, jnst as lt ls tempting to hope that Russian views on what ls acceptable may have evolved. My own guess is that any political concessions to the strikers are bound to be suppressed in time, because they would be incompatible with party monopoly of power.

Changing holiday trade

BY MICHAEL STRUTT

AROUND BRITAIN

NORTH WALES

EVEN THOUGH the main holiday season is coming to an end, almost everyone connected with tourism on the North Wales coast tnok a close interest in the uncmployment 6gures published this week.

For the areas of England hardeat hit by the recession—Yorkshlre and the Liverpool. Manchester and Midlands conurbations—are the homes of many of their bnlidaymakers.

The holiday season bas been difficult this year. Empty breakfast tables in hotels and guest houoes and the occasional arrival of half-full coaches during the peak aeason, were worrying reminders that many could not afford a holiday this year.

The three traditinnal resorts along the coast, Rhyl, Colwyn Bay, and Llandudno, are used to cnping with the vagaries nf British weather. But now they are forced to compete against package bolidays not just to the Cnntinent hut new fnreign holiday centres such as the U.S. and North Africa and selt their attractlons to an increasingly mobile population. The days of the standard two-week stay bnoked months in advance are numbered.

People are still coming to the North Wales coast but many have lesa to spend. and the hetter-off are more fussy. The resorts are having to look carefully at what tbey are offering in an area where, because nf the lack of industry, the local cnuncils depend heavily nn tourism-hased husinesses for their rates revenue.

At Rhyl, Mr. Ron Smith. Rhuddlan Borough Council's director nf entertainments and publicity, said: "We bave bad a very poor seaeon this year. British resorts have to look to their laurels in the present econnmic climate nr they will fall hy the wayside.

"Holidays are a competitive husiness and they are our staple industry here. There'a little else."

Though the three resorts are friendly rivals, they vary widely in character and so tend to attract different people. But since they are only a few miles apart anyone staying in, say, Colwyn Bay is very likely to spend aome time (and money) in Rhyl, Llandudnn, Ahergele, or Prestatyn.

Rhyl sets out to provide cheery and economical family holidays in the style of Blackpool, but instead hf the tower and illuminations, Rhyl has a new, privately-operated monorail running along the front. Also newly-opened is a £4.25m council leisure building, the Sun Centre, which hoasts an indoor monorail and Europe's first indoor surfing pool.

Colwyn Bay, as much a residential town as a resort, offers a wide range of accommodation and entertainment, as befits lts holiday brochure slogan "Gateway to North Wales." And Llandudno, aware of its scenic location and genteel atmosphere, is ont to draw conference huainess and shoppers as well as holidaymakers—all the year round if possible.

All the towns heavily publicise the entertainments, beauty spots and other attractions in the surrmunding area. So the improvements sanctioned for the A55, which will make the road dual-carriageway from Chester tn Bangor by 1987-88 are going tn make the resorts and their hinterland more accessihle, particularly to day trippers and casual visitors.

The new road will also relieve congestion at Colwyn Bay and the notorious summer hottleneck at Conwy where, to protect the view of the famous castle, it will he routed through a £77m tunnel under the river.

However, work on the entire £350m scheme is likely to cause some disruption, especially at Conwy, and at Colwyn Bay where the widened road is to be routed along the foreshore.

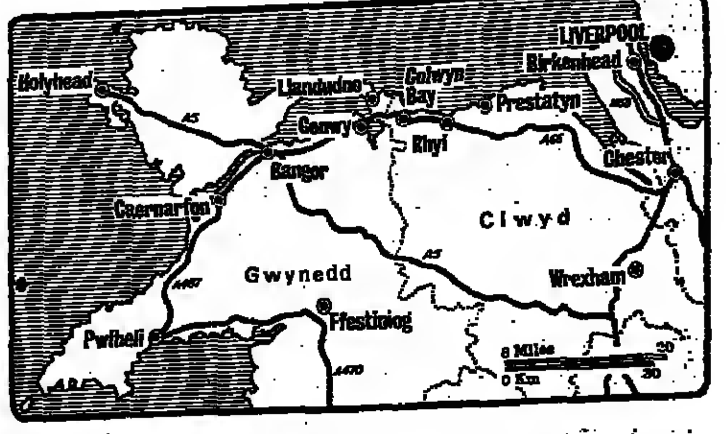
But there is another longstanding problem at Colwyn Bay which admits to no easy solntion. Because the town is spread out, it lacks the atmosphere that, in different ways, stamps the other two main resorts and which aids them in drawing visitors in these uncertain times.

Llandudno, witb its timeless Edwardian air, and Rhyl, with its chicken and chips mateyness, are more identifiahle.

The drop in the number of tourists does not worry everyone. The Wales Tourist Board in its latest report declares it "is nnt necessarily a bad thing."

"The environmental prohlems of tourist pressures, even though they were localised, have eased considerahly and this should help Wales to attract more discriminating and highers-spending vistors from Britain and oversaas."

A more positive way forward might he more investment. Rhyl's Sun Centre is heing paid for out of the rates as well as admission receipts — plus a £500.000 direct grant from the EEC.



It has taken well over £250,000 since it opened on June 28, and was built specifically to extend the town's season and revitalise husiness. Profits will be used to subsidise a new theatre to be built next to the centre.

Colwyn Bay's £1.8m leisure centre is expected to be finished next summer. Unlike Rhyl's it will stay open during the winter.

At Llandudno, the council is spending £1.8m to develop its Arcadia Leisure and Conference Centre, ao that it will be able to cater for conferences of up to 1,150. with exhibition space alongside.

Mr. Brennan Blake, publicity officer, calls it "an investment which must encourage private enterprise in the town to go the same way. We cannot be complacent. More and more places are becoming recognised conference centres and we bave to compete against inland towns as well as resorts."

The hotels, guest bouses and accommodation trade ganerally need to adopt the same approach, according to Mrs. Gwen Manchester, deputy manager at the North Wales Tourism Council. "Many hotels are putting in bathrooms en suite, and making other improvements, because that is what people expect nowadays. Hotels which are catering for what their customers really want are doing good business despite the economic climate."

The council promotes and advertises the area abroad to attract Continental visitors, hut it bopes that new Transport Act provisions coming into effect this October, which will get rid of many licence restrictions affecting tour coach companies, will make a big difference to husiness next year.

One possible growth area is ahort-term bolidays where, according to Mrs. Manchester, "Wales is number nne." Many believe that this type of break will become more popular, perhaps to the extent of overtaking the traditional two-week long family holiday.

To-Agori-Mou needs no effort

RACING

BY DOMINIC WIGAN

TO-AGORI-MOU, my idea nf the fastest two-year-old aeen out this season, ahnuld have no difficulty ln adding to his already formidahle reputation in today'a renewal nf Sandown's Intercraft Solario Stakes. The race seems certain to shed further light on his long-term prospects: although the highly promlsing Sauvage is a surprising absentee. Chirk Castle has held out well, as has Bold Raider.

At Goodwood's July meeting it was not so much what the Guy Harwood colt beat, but the manner in whlch lt was accomplished whlch created such a favourable impression. Greville Starkey found himself in complete command on To-Agori-Mou hy halfway in the Foxhall Stakes and from then on the partnership was pressed to exert only minimal effort.

At the line Clear Verdict, a smart half-brother to Nawaf, was in second place, two lengths adrift, with Habitor the same distance away in third place.

To-Agori-Mou went on to cnmplete a quick double with an equally easy Lingfield successa 10 days later, drawing the flattering comment from his bandler: "Make no mistake, this ls a very hlgh-class colt."

Although considered hy some a Derby proposition, To-Agori-Mou is by no means certain to get 1½ miles as a three-year-old and. furthermore, does not strike me as an Epsom colt in terms of con6rmation. He looks far mure of a Two Thousand Gulneas prospect and was hacked to succeed where Young Generation so narrowly failed again yesterday.

Now that Mr. John Baillie's Ultra Vires has, finally, opened her account, it will probably pay backers to keep her nn their side.

Ultra Vires is raised in class, hut she could not be better handicapped off 7 st 7 lbs. and appeals as the afternoon's best het.

SANDOWN
2.00—Paleor
2.30—Red Gold
3.05—To-Agori-Mon
3.40—Ultra Vires***
4.10—Skukuza
4.45—Schweppes Forever*

CHESTER
2.45—Fire Mountain
3.15—Hawkins
3.45—Frasass
4.15—Salt**

TV/Radio

BBC 1

† Indicates programme ln black and white

6.40-7.55 am Open University (Ultra high frequency only). 10.00 Noah and Nelly in Skylark. 10.05 Jackanory. 10.20 The Perils of Penelope Pitstop. 10.40 Take Hart. 11.25 Cricket—The Cornhilt Iosurance Centenary Test: England v Australia. 1.30 pm Bod. 1.45 News. 2.05 Cricket: The Centenary Test. 4.18 Reglonal News for England (except Londnn). 4.20 Play School. 4.45 Buford Files and Dinky Dog. 5.10 Hey Look . . . That's Me! 5.35 Fred Basset.

5.40 News.
5.55 Natlonwide (London and South-East only).
6.20 Sportswlde.
6.30 How Bugs Bunny Woo the West.
6.55 The Awakening Land.
9.00 News.
9.25 Starsky and Hutch.
10.15 Living Legends (London and Snuth-East only).
10.45 Regional, National News.
†10.50 The Late Film: "Sing As We Go," starring Gracie Fields.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales—1.30-1.45 pm Dan Draed. 4.45-5.10 Pippi Hosanhir. 5.55-6.20 Wales Today. 6.30 Bugs Bunny. 6.45-6.55 Newyddicn. 10.15 Valentlne's Night. 10.55 News for Wales. †10.56-1.00 am The Late Fllm: "Plmpernel Smith," starring Leslle Howard.

Scotland—1.25-1.30 pm The Scotish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 News for Scotland, National News.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The Picture ln Question. 10.45-10.50 News for Northern Ireland. National News. 12.10 am News and Weather for Northero Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristoll; South Today (Southampton); Spotlight South-West (Plymouth). 10.15 East (Norwich) Weekend: Midlands (Birmingham) Dennis McCarthy's Weekly Echo; North (Leeds) Direct Line; North-East (Newcastle) Quayslde 900; North-West (Manchester) Country Concerns; Snuth (Southampton) More Ways Than One; Smith-West (Plymouth) According tn Hoyle; West (Bristol) Day Out.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.30 pm Cricket: The Centenary Test,
6.35-7.00 Open University.
7.00 Dallas.
7.45 Mid-evening News including sub-titles.
7.55 Return Call tn Brass Tacks.
8.05 Gardeners' World.
8.30 Premiere: "Hanging Around" by Barrie Keeffe.
9.00 Romer's Egypt: "Diary of a Search."
10.15 Festival '80 from Edinburgh.
10.45 Newsnight.
11.30 Cricket: Centenary Test (highlights).
†12.00 The Outer Limits.

LONDON

9.30 am Rocket Robin Hood. 9.50 Nature of Things. 10.40 Story Hour. 11.30 Friends of My Friends. 11.55 Beany and Cecil. 12.00 A Handful nf Snogs. 12.10 pm Once Upon a Time. 12.30 Home-made for the Home. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Houseparty. 2.25 Racing from Sandown Park. 3.45 The Andy Williams Show. 4.15 Follow Me. 4.45 Runaround. 5.15 Take My Wife.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Winner Takes All.
7.30 How's Your Father?
8.00 Vegas.
9.00 The Spoils of War.
10.00 News.
10.30 End of Part One.
11.00 Seven Ages.
11.45 Side Street.
12.45 am Clnse: Personal choice with Delia Smith.

All IBA Regions as London except at the follnwing times:—

ANGLIA

9.25 am Animated Special. 10.10 Young Fisherman of Bay Bulls. 10.40 Clapperboard. 11.05 Call It Macaroni. 11.30 History of the Motor Car. 11.55 Cartoon Time. 1.20 pm Anglia News. 3.45 Cartoon Time. 5.15 Alright Now. 6.00 About Anglia. 8.00 Charlie's Angels. 10.30 Speedway. 11.00 Soap. 11.30 Friday Late Film: "The Haunted House Of Horror." 1.10 am Men Who Matter.

ATV

9.35 am Something Different. 9.50 The Masterbuilders. 10.20 The Galway Way. 11.05 Kidsworld. 11.30 The Human Face of China. 1.20 pm ATV Newsdesk. 3.45 Stars on Ice. 5.15 Laverne and Shirley. 6.00 ATV Today. 8.00 Hawaii Five-O. 10.30 WKRP in Cincinnati. 11.00 ATV Newsdesk. 11.05 Movie Premiere: "Melvin Purvis—G Men."

BORDER

9.30 am Weir's Aweigh. 10.00 Horses In Our Blood. 10.25 A Portrait of the Artist. 10.40 Clapperboard. 11.05 Chopper Squad. 11.50 Cartoons. 1.20 pm Border News. 3.50 Stars on Ice. 5.15 Happy Days. 6.00 Lookaround Friday. 6.30 Superstar Profile. 8.00 The Streets of San Francisco. 10.30 Late Film: "Ritual Of Evil." 12.15 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. 3.45 The Land of Summer. 5.15 Father, Dear Father. 6.00 Channel News. 6.10 Horses In Our Blood. 6.35 Encore. 8.00 Have Girls Will Travel. 10.28 Channel Late News. 10.35 TV Movie Premiere: "Tiger By The Tail." 12.20 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 Weir's Aweigh. 9.55 Horse In Our Blood. 10.20 Portrait of the Artist. 10.35 Clapperboard. 11.00 Logan's Run. 1.20 pm North News. 3.50 Fangface. 6.00 North News. 6.10 Fleir. 6.30 Thingummyjig. 8.00 BJ and the Bear. 10.30 The Export Scotch. 11.00 Reflections. 11.05 The Friday Late Night Film: "The Hunters." 12.30 am North Headlines and Road Report.

GRANADA

9.30 am The Challenging Sea. 9.50 Tarzan. 10.35 Clapperboard. 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 Survival. 5.15 A Sharp Intake of Breath. 6.00 Granada Reports News. 6.05 What's the Word? 6.35 Crossroads. 8.00 Vegas. 10.30 Kick Off. 11.00 Soap. 11.30 The Continental: Melina Mercouri in "Promise at Dawn."

HTV

9.55 am Survival. 10.20 Animated Classics. 11.00 Sesame Street. 1.20 pm HTV News. 3.45 Stars on Ice. 5.15 Alright Now. 6.00 Report West. 8.30 WKRP in Cincinnati. 9.00 Tenspeed and Brown Shoe. 10.28 HTV News. 10.35 The Good Neighbour Show. 11.05 Chopper Squad.

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55 am-12.10 pm Cei Ci Cocos. 4.15-4.45 Y Car O'r Cychwyn. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Enterprise.

SCOTTISH

9.25 am The Story of Wine. 9.55 Horses In Our Blood. 10.25 Portrait of the Artist. 10.35 Clapperboard. 11.00 Charlie's Angels. 11.55 Cartoon Time. 1.20 pm News and Road and Weather. 3.50 Fangface. 5.15 Mr. and Mrs. 6.00 Scotland Today News and Sport. 6.30 Festival '80. 10.30 Festival Focus. 11.15 Late Call. 11.20 Late Night Movie: "Triology Of Terror."

SOUTHERN

9.30 am The Wild, Wild World of Animals. 9.55 Chopper Squad. 10.35 Clapperboard. 11.05 The Mackenzie Affair. 1.20 Southern News. 3.45 The Entertainers (Annie Rose). 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Tell Me Another. †10.35 "Morgan," starring Vanessa Redgrave.

TYNE TEES

9.20 am The Good Word, followed by North-East News. 9.30 Hands. 9.55 Chopper Squad. 10.40 Clapperboard. 11.05 Adventure Classics. 1.20 pm North-East News and Lookaround. 3.50 The Wild, Wild World of Animals. 4.15 Follow Me. 5.00 North-East News. 6.02 Sportstime. 6.25 Northern Life. 8.00 The Incredible Hulk. 10.30 North-East News. 10.32 Film of the Week: "The Mephisto Waltz." 12.45 am Meet the Faith.

ULSTER

9.30 am Weir's Aweigh. 10.00 Horses In Our Blood. 10.25 Portrait of the Artist. 10.40 Clapperboard. 11.00 Sesame Street. 1.20 pm Lunchtime. 3.45 Stars on Ice. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Ulster Television News and Sport. 8.30 An Exceptional Child. 8.00 The Incredible Hulk. 10.29 Ulster Weather. 10.30 Witness. 10.35 Friday Film: "Journey To The Far Side Of The Sun." 12.20 am Bedtime.

WESTWARD

9.30 am Weir's Aweigh. 10.00 Horses In Our Blood. 10.20 Shuttleworth Vintage Planes. 10.35 Clapperboard. 11.05 Portrait of the Artist. 11.15 The Beatles. 11.40 All Together Now Lads. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.45 Great Composers. 5.15 Father, Dear Father. 6.00 Westward Diary. 8.00 Have Girls Will Travel. 10.32 Westward Late News. 10.35 TV Movie Premiere: "Tiger By The Tail." 12.20 am Faith for Life. 12.25 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am World We Live In. 9.55 The Nature of Things. 10.45 Spidermen. 11.05 Chopper Squad. 11.55 The Bubblies. 1.20 pm Calendar News. 3.45 Stars on Ice. 5.15 An Exceptional Child. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 8.00 Charlie's Angels. 10.30 Soap. 11.00 Appointment With Fear: "The Oblong Box."

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 8.00 Peter Powell. 11.00 Dave Lee Travis with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Andy Peebles. 4.31 Richard Skinner. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Ray Moore (S). 10.00 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 6.03 Bob Kilbey (S). 8.02 Take Your Partners at the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Dad's Army. 10.30 The Organist Entertains. 11.02 Sports Desk. 11.03 Brian Matthew with Round Midnight at the Edinburgh Festival, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

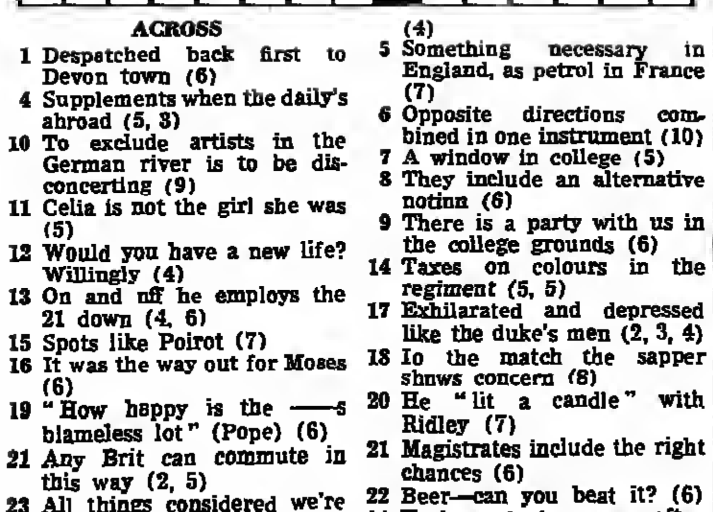
5.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Berlioz (S). 9.50 Oboe and Piano recital (S). 10.30 Schubert: String Quartet 0353 (S). 11.00 Cricket: The Centenary Test—England v Australia (music until 11.25), including 1.35 pm News, 1.40 Call the Commentators, 2.00 Lunchtime Scoreboard. 6.40 Alirio Diaz guitar music (S). 7.10 One Pair of Ears. 7.30 Proms concert, part 1 (S). 8.15 What the Papers Said. 8.35 Proms, part 2 (S). 9.50 A Moment: Play by Gabriel Josipovici (S). 11.00 News. 11.05-11.15 Bach (S).

VHF—With Medium Wave except as follows: 6.00-7.00 am Open University. 11.00 Edinburgh Festival song recital, part 1 (S). 11.40 Festival Comment. 11.55 Festival, part 2 (S). 1.00 pm News. 1.05 BBC Symphony Orchestra (S). 2.30 Schumann chamber music recital (S). 3.20 Pendyrus Male Voice Choir (S). 3.50 Carl Flesch International Violin Competition (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.20-7.00 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 The Call of the Wild. 8.58 Continental Travel. 9.00 News. 9.05 Desert Island Discs. 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Reel Evidence—the Multi-purpose Swap Shop. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 The Year in Question. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.10 Faraway Food. 4.40 Preview. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Key Figures (S). 9.15 Letter From America. 9.30 Kaleidoscope at the Edinburgh Festival. 9.59 Weather. 10.00 The World Tonight. 10.35 Injury Time (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 John Wells on. . . . 11.45 Friday Treat 12.00 News

F.T. CROSSWORD PUZZLE No. 4,360



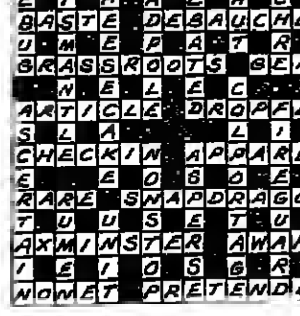
ACROSS

1 Despatched back first to Devon town (6)
4 Supplements when the daily's ahroad (5, 3)
10 To exclude artists in the German river is to be disconcerting (9)
11 Celia is not the girl she was (5)
12 Would you have a new life? Willingly (4)
13 On and nff he employs the 21 down (4, 6)
15 Spots like Poirot (7)
16 It was the way out for Moses (6)
19 "How happy is the ——s blameless lot" (Pope) (6)
21 Any Brit can commute in this way (2, 5)
23 All things considered we're streakers in it (10)
25 An advantage but it may cost the batsman his wicket (4)
27 Learning abont one French river (5)
28 Mark—must you be a forger? (4, 1, 4)
29 Detention at the Queen's la not recommended (8)
30 Expression of annoyance suggested by hole in one's sock (4, 2)

DOWN

1 A boy among these in an Art School (3, 5)
2 "Content —— his native air in his own ground" (Pope) (2, 7)
3 Loan requested by Antony (4)
5 Something necessary in England, as petrol in France (7)
6 Opposite directions combined in one instrument (10)
7 A window in college (5)
8 They include an alternative notinn (6)
9 There is a party with us in the college grounds (6)
14 Taxes on colours in the regiment (5, 5)
17 Exhilarated and depressed like the duke's men (2, 3, 4)
18 Io the match the sapper shnws concern (8)
20 He "lit a candle" with Ridley (7)
21 Magistrates include the right chances (6)
22 Beer—can you beat it? (6)
24 Hackneyed observance after tea (5)
26 The continuing story of rising commanders (4)

Solution tn Puzzle Nn. 4,359



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

CLUBS

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

هكذا من الأصل

Cinema

Edinburgh uphill, London down dale

by NIGEL ANDREWS

Edinburgh Film Festival
Une Semaine de Vacances (AA) Curzon
McVicar (X) Rialto
The Fiendish Plot of Dr. Fu Manchn (A) Warner West End

Every film festival has its dotty and diselemented yesrs, and 1980 piped in one of Edinhurgh's. With commercial distributors atesling s march on Edinburgh in the hunt for the year's hit foreign movies—from Resnais's *Mon Oncle d'Amerique* to Kurosawa's *Kogemusha* — there were depleted pickings for the 1980 Scottish festival, and director Lynda Myles made a brave effort to make up with spirited odds and ends for what the festival lacked in real quality.

She half succeeded: stacking the fortnight's celluloid schedule with crusading curios and retrospectives. And she did keep the Britisb flag flying. The BFT Production Board was represented In force, with four new films, and Scotland was bonoured with a tribute to TV film-maker John Mackenzie.

But lt was an uphill atruggle. Ediburgh'a devotion to the offbeat and/or the low hudget la grand when it's offered as the flip-side to a matching quota of strong, forward, well-crafted movies. But when the down-at-beel and dizzily erratic is all thst's on offer, the diet becomes a blt arduous.

The best of the British Film Institute films was Riehard Woolley's *Brothers and Sisters*. A kaleidoscopic crime thriller—who killed prostitute Jennifer Collins?—is used as the stalking-horse for an examination of sexist notlons in Britain today. Tbe poliee inquiry homes in on two brothers, divided by their life-styles and polltical heliefs—one is a commune-dwelling liberal, the other a starchy army major—but joined hy their veiled, insldious misogyny.

Through a clever juggling of murder-thriller suspense and soap-opera naturalism, Woolley anatomises Anglo-Saxon attitudes to sex and the sexes, and by his playful, inventive visuals be injects at least a little cinematic vitality into the BFT's currently unstoppable determination tbat the movies they fund should be a platform for socio-political preaching.

Peter Sellers as Fu Manchu

Ken Loacb's *The Gamekeeper* is iodictable on simllar charges, although Loach's work has an easy humanist grace that transcends its occasional tendency to nudge one sharply io the ribs with the Left elhow. This portrait of a gamekeeper on a hlg ducal estate—hia mixture of dogged loyalty and sporadlc exasperation as he hobnobs with the nobs and sees the social inequities of life writ large around him—is always one step ahead of its own sermonising, and its real-life hero (George Purse) has a rough-dlamond charisma that seizes and holds the centre of the screen.

Scotland uoveiled the works of TV director John Mackenzie, one of whose productions popped up on the box last Tuesday nigbt (*Just o Boy's Gome*, written hy Peter MacDougall). Mackenzie is a versatile film-maker, seesawing between chips-with-everytbiog naturalism and chips - on - the - shoulder Socialist propagandism.

The Cheviot, The Stog and the Black, Black Oil instances the latter, but is fiery, feral stuff as J.M. shows what he can do with a chop-about Brechtian pageant, penoed by John McGrath, about how the long arm of Eoglish oppression has reached out to Scotland through the ages.

Mackenzie's latest film is in limbo-lsnd at present between TV and the cinema, as no one can quite agree about which medium it belongs to. *The Long Good Friday* is a sort of St. Valentine's Day Msssacre transposed to Swinging London. I should say Swigging London, since the amouot of expense-account alcohol knocked back in this story of big-business-with-violence Down South and Oop North would probahly float the Titanic.

Never mind, it's all bright, breezy, bloodthirsty storytelling; not mucb more artful or resonant than an episode of *The Sweeney* bnt hrilliantly acted by Bob Hoskins as the lead hoodlum, a Don Corleone of Deptford with a hruiser's aphorism for all occasions.

From America came a small army of mini-hudget features and featurettes. They emerged from the woodwork and socked you on the head whenever you entered Edinhurgb's Filmhouse. I will go to my grave proclaiming my belief in the worthwhileness of Edinhurgh's devotion over the years to tndependeot American cheaples. It has turned up trumps more times than one can compute.

But this year's selection was frankly awful. You could sample the misfire slapstick of *Twins* or the etiolated camp of *Underground USA* or the Chinese-hox cutesioess of *Demon Lover Diary*, a film ahout the making of a film about . . . Or you could see Super-8 Punk movies from New York. Or rather you couldn't really see them because they unreeled in a mist of poor focus and in earth-tremors of wohbly camerwork.

David Nunez's *Gal Young Un* was sedately traditional by comparison, but at least it establisbed an instant bandhold on tbe audience's atteotion and kept up its grip for 100-odd minutes. In rural Florida, we watcb the quirky liaison between a gold-digging rascal and the wealthy, elderly widder-woman he marries.

Nunez charts the relationship's change from a breezy May-January courtship to post-marital disillusionment to a final scorpion's dance of conjugal spite. Riveting performances from David Peck as the man and Dana Preu as the old lady.

Out of the remaining global grab-bag of new cinema offered by Edinburgh '80, two films deserve wider exposure. One is Ann Hui's *The Secret* from Hong Kong: a kaleidoscopic murder thriller, bucking vivaciously between the sublime and the ridlculous and usiog a thrillingly fractured narrative to explore Who Killed The Young Couple In The Park. The style is several pegs bigber than the penny dreadful basics of tbe crime story, but Miss Hui's skills tease us along oblivious of the iocongruity, at least uotil the Z movie apocalyse of the last scene.

Also well worth a wider run is Jacques Bral's *Extérieur Nuit*; a long, louche, languldly hypnotic glance at the underbelly of Paris life. Bral gives us the offbeat triangle of two *carpe diem* young layabouts—one an out of work musician, the other a "resting" writer — and the girl cab driver wbose amorous path they cross.

She is feminism in motion: leather clad, laconic and giving as good, nay better, than she gets from men by robbing and/or seducihg her own clients whcn she feels like lt. Bral's film is an enigma wrapped in a dolefully delicious comedy and one of the hest French films for years.

*

Down bere in London, Bertrand Tavernler's *Une Semaine de Vaconces* opens at the Curzon this week. At last a replacement for *Couroge Fuyons!* And a handsome one, too. Tbe knight-errant spirit of Renoir-lan Freoch humanism swoops this simple little tale—about a harassed teacber (Nathalie Baye) taking a week's mid-term furlough to rest and "find herself"—up on to its white charger and lends lt a lovely, lithe, wind-blown grace.

The screenplay is little more than a series of casual, hrushing, Chekhovian encounters as Time momentarily expands for her to see and feel her surroundings, her friends, berself. She copes with her manic, rush-about lover (Gerard Lanvin), she befriends the sad, gusty father of one of her pupils (Micbel Galahru), she visits her parents tucked away In rural France aod she sorts through the odd portfolios of homework.

Best of all, in Nsthalie Baye's exquisite performance, full of grace and soft sbadows, she reflects all that passes before her —tbe people and the events—as a lighted river-wall reflects the ghostly ripples of the water at night.

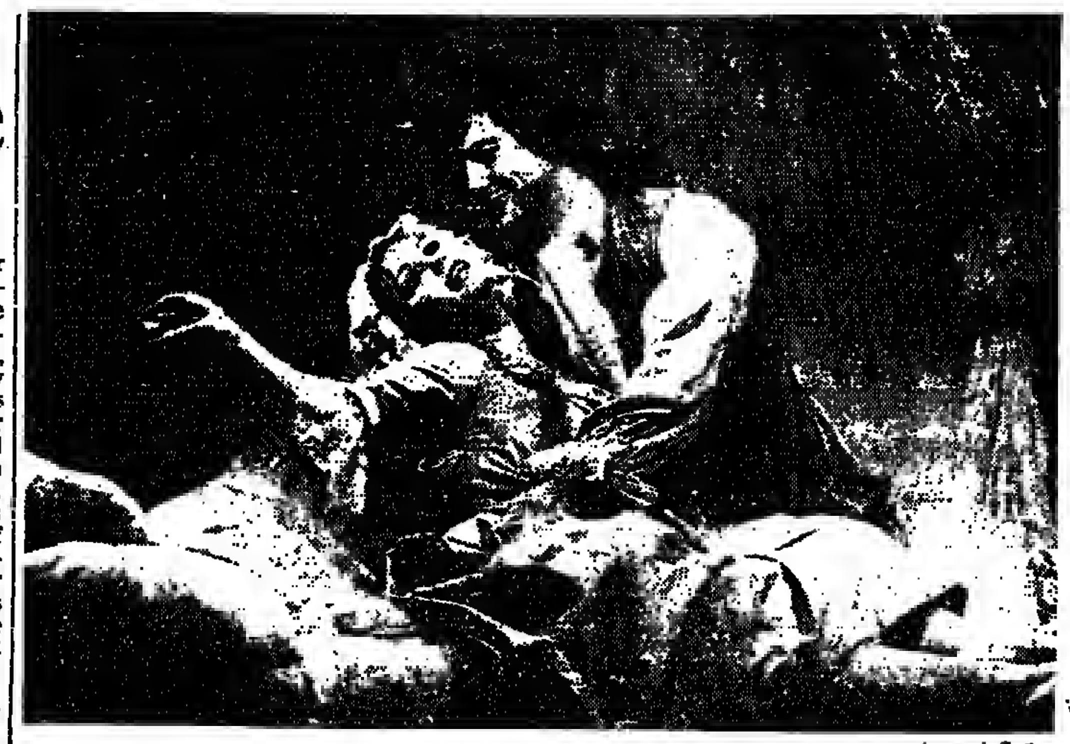
Tavernier hss cut away from this film all the rhetorical fat that enwrapped *Le Jugc et L'Assassin* and *Deoth Wotch*, returning to the slim-line humanism of *L'Horlogier de Saint-Paul*. For lovers of movie hlgh-style there are few rewards.

Tavernier's camera simply treads on tiptoe in the wake of bis characters, capturing a mannerism, a fleeting look, a turn, of the head. But the deference is triumphant.

We end by knowing both why the heroine leaves her job and why she still loves it, what sbe gains from the week of quietness, friendship and fallow iotrospection, and what new strength she brings to the resumption of her work. See it —sometimes a film is as good as a holiday.

Sometimes, on tbe other hand, it isn't. You can put *McVicor* and *The Fiendish Plot of Dr. Fu Monchu* straight down on your Unwanted list. The first is Having-A-Lovely-Time-In-Her Majesty's - Prisons - Wish - You - Here, as real-life internee John McVlcar, played by crew-cut and frequently nude Roger Daltrey, roisters through thick-ear comedy and interminable jail riots before escaping tbrough a tunnel in the shower-room. They sbould have built one in tbe cinema.

Fu Monchu is the celluloid swan-soog of Peter Sellers and is best turned a politely deaf ear to. Sellers flexes his tonslls hy playing both Fu Mancbu and the Orlental demon's antagonist Nayland Smith; but neither characterisation is vintage Sellers, the supporting cast ls all-at-sea (including David Tomlinson and Helen Mirreo) and the script ls something awful. Stay witb the memory of Seller's *Being There* performance.



Fiona Fullerton and Brian Protheroe

Leonard Burt

Lyric, Hammersmith

The Beggar's Opera

by MICHAEL COVENEY

When in charge of the Prospect Theatre Company, Tohy Robertsoo unlocked the 18th century repertoire to good effect, echoing the work done by Nigel Playfair at this address in the 1920s. The Lyric's autumn season hss opened with Mr. Robertson taking on Playfair's most famous hit, but on his own terms. Here is no wan revlval of those pretty Claud Lovat Fraser designs. The Brechtian re-working is acknowledged in tbe form of scene announcements inscribed on tatty hanners. David Turner's adaptation of John Gay's opera (1728) is unostentatiously updated, even if certain key passages are mysteriously lacking. What happened, for instance, to Peachum's marvellous speech beginning: "Money is the true Fuller's Earth for reputations; there is not s spot or a stain but what it can take out"

If Brecht and Weill rewrote a social indictment of the bourgeoisie, Gay set about showtng the lnterdependence of social strata, with pecuniary impulse the great leveller and Macheath's hedonlstic indulgence the trap door heneath the gallows.

Instead of Lovat's permanent stage architecture, the designer Pamela Howard keeps an open stage which is surrounded by an evocative skyline of twinkling lights and invaded by scenic drops. An admirable flueocy is maintained. Polly overhears her parents' plan to profit by ber marriage to Macheath hy selling him to the law with her head poked through a bole in tbe domestic interior. When that cloth flies out, sbe is left picturesquely stranded on top of a ladder under the night sky to sing a reflective air. The other overall bonus is of the worlds of Newgate, the open road and the tavern all melding in a coosistent visual statement.

I have not seen any of the recent operatic revivals of the piece, but the major stumbling block bere proves to be the musical direction of Roy Moore. Only two of the countless numbers really impress. They are the duet of Polly and Macbeath, sung to the tune of "Over the fields and far away," on grounds of melodic familiarity; and the drinking trio for the hrothel keeper, Peachum and Lockit, thanks to the gusty rendition of Rosemary Leach, Harold Innocent and Ronnie Stevens. The rest of the score is not sung expertly enough to make a good case for it, relapsing into tedious triple time every two minutes, not st all helped by an inappropriate electric guitar in the pit.

Fiona Fullerton is pretty as Polly, Caroline Villiers impressively catty as Lucy Lockit, her rival. In the middle, Brian Protheroe stands firm as Macheath, even though he seems out of sympathy with the musical idiom. Mr. Turner has come up with an excellent solution to the finsle, giving the beggar (Peter Ellis) good resson for a change of heart by reminding him that "only hefore the Royal Court" do plays have to be doggedly realistic. That allows for a change of heart as tbe beggar realises that s happy ending will ensure a run for his creation and an income from the royalties. He joins in the amoral fray.

Harold Innocent and Margaret Courtenay are a fine double act as the Peachums and there is some deft choreography by Sne Lefton. But the evening suffers from a want of musical expertise, the sort of affectionate realisation necessary when modern companies take on a difficult work—however heralded hy its reputation—that was the early fruit of a new genre, the ballad opera, cruelly cut down, in this country at least, by the intervention of the Lord Chamherlain in 1737.

Winter Garden, Broadway

42nd Street

by FRANK LIPSIUS

42nd Street was destined for distinction. It started its try-out in the summer in Washington and hrazenly premiered on Broadway in August, a full month hefore the traditionsl theatre season opening. It was meant to be big, hrassy and impressive, a reminder of a lavishmore stylish, time, wben Broadway was not only lavish but also the epitome of what American entertainment could belt out, unembarrassed, to the world. After all, even originally ss a film, *42nd Street* paid bomage to Broadway and it still does, even with the lesser distinction of Broadway's having to bonour itself.

Unexpectedly, the production dcubles now as homage to its director and choreograpber, Gower Champion, wbose death on the afternoon of Monday's première was announced to tbe audience after 10 curtain calls. That first-night audience was the only one that could judge the production innocent of tbe circumstances of its creation, including Cbampion's working through growing ill-health and the off-stage romance between him and the show's new star, Wanda Richert, ironically playing an ingenue who lands the big Broadway part and the director's beart.

The opening number, a familiar scene of Broadway try-outs, with extraordinary precision offset by a few humorous bumblers, stopped the sbow. And the enthusiasm built from there to a thundering crescendo.

Jerry Orbach plays a sneering, thoroughly professional director trying to get his musical to Broadway, despite the carping ohjections of Tammy Grimes as an ageing starlet wbose backwoods but rich boy-friend has put up the money for the sbow.

Cleverly mixing rehearsals with finisbed scenes, the play shows a reluctant Miss Grimes as she gradually gets lnto the swing of a number and ends up belting it out to the audience. Orbach and his assistant move spotlights in front of Miss Grimes and the chorus as they cavort round a huge screen to practise a number called "Sbadow Waltz," playfully magnifying end shrinking the dancers wbile supposedly creating a new number.

And the dances are marvellously evocative of Broadway through tbe years, from flappers ln pink feathery frills to tap-dsncers who carry their dancing platforms out onto the stage. Wheo the starlet breaks her ankle to give Miss Richert her chance for stardom, in comes the production number of "Give My Regards To Broadway." This cleverly begins with only Orbach singing and expsnds down the steps of the train to the station, from whence the would-be starlet is escaping, into a number that fills the stage—and the audience—with an anthem for the show and its lost creator.

Notbing better typifies the Broadway spirit for which Gower Champion will be remembered than bis last production, into whicb he poured 40 years of Broadway knowledge and a huge stageful of inspiration.

Moray House, Edinburgh

Wielopole-Wielopole

by B. A. YOUNG

As Tadeusz Kantor explains in some heloful pages in bis programme, for him reality is evoked not hy illusion hut hy repetition — repetition with variation. A remembered character may turn up cloaked in someone else's personality, an event mixed with traditional tale.

So in Cricot 2's production of *Wielopole-Wielopole* (the doubling of the name of Kantor's hirthplace is part of the repetition syndrome) the childhood memories come clad successively in different guises based on the same *données*.

The material consists of the family group, plus two significant additions, the Army and the Churcb. People, furniture and events are distorted.

The *opening* scene, for example, runs like this: in a vaguely-defined room, Kantor's family share their space with a squad of soldiers, sitting quietly in a corner, and a priest tied to the underside of a hed. An old lady takes snaps with an old camera. A second priest lies on the bed, which is turned over to free the first. The camera becomes a machine-gun aod fires a burst at the soldiers; the priest hrings on a cross, hig enough for a practical crucifixion and leads the soldiers off.

Similar scenes follow, in which family life is hlended with warfare and the Passion. There are various crucifixions, one of a soldier wearing a biretta over his uniform, and we end with a fantastic Last Supper on a table extemporised from chairs and plants. It is attended hy a moh of troops carryiog plaster dummies of naked men.

I don't find Kantor's work easy to follow, and its style is antipathetic to me. The production seema deliberately sloppy (though I can't believe it was meant to he as sloppy as it looked on Wednesday), aod Kantor's constant presence on stage, tidying the scenery and pretending to direct operations already often performed, even conducting the taped music, seems to me either pointless or arrogant. There is no depth in the acting, which runs lo funny voices and funny walks.

All the same, there is a curious fascination in this representation of distorted memory, though I can't help feeling that it is artistically contrived rather than genuinely felt. We can have another look at it soon at the Riverside Studlos, Hammersmith.

Chinese opera company for Hong Kong Festival

A contingent of performing artists from China is to take part in the Hong Kong Festival of Asian Arts to be held in the British territory from October 16 to November 1. The 88-member Peking Opera second company, one of four major operatic companies on the mainland, will present China's first contribution to the festival.

BBC SO's 50th season

The 50th season of the BBC Symphony Orchestra is planned as a major celebration of the orchestra's achievements. Gennadi Rozhdestvensky, its chief conductor, will conduct a series of concerts; four former cbief conductors—Pierre Boulez, Sir Colin Davis, Antal Dorati and Rudolf Schwarz—each have a concert in the season.

On October 22, 1980, the orchestra celebrates its 50th birthday. The programme consists of Vaughan Williams's Symphony No. 5, Prokofiev'a Violin Concerto No. 1, with Itzhak Perlman as soloist, and Stravinsky's *The Rite of Spring*.

The orchestra will also celehrate the centenary of the hirth of Bela Bartok with a concert of his music on Marcb 25, 1981, and will stage a major Berlioz Festival at the Royal Albert Hall on April 1, 13 and 15.

Bruce McLean at Riverside Studios

New works by Bruce McLean will be on display in the foyer at Riverside Studios, London, W6 from October 1-November 2. To coincide with the exhibition there will also be a series of live performances by the artist.

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Friday August 29 1980

Results of the profit squeeze

BY ONE of those coincidences which rejoice the hearts of forecasters, but of nobody else, the *National Institute of Economic and Social Research* has today published a lengthy analysis of the likely results of the ferocious squeeze now being mounted on the profit margins of UK industry, within hours of appallingly illustrative figures from ICI. The forecast speaks of a general level of profits far below the worst levels of 1974-1975—the year in which the squeeze was widely discussed as a "Doomsday machine." ICI, despite a rewarding involvement in the North Sea, has produced the worst figures for a decade, with a warning of worse to come.

Capital base

When even a well-managed company in a technically advanced industry suffers in this way, there is no need to stress the aptness of the more general warning. The deadly combination of recession, high interest rates and a high exchange rate is ripping a huge, jagged hole in the cash flow of UK industry. In inflation-accounted terms, profits over a wide range of companies will be inadequate to maintain the capital base of industry, let alone pay dividends. We are effectively maintaining real incomes by squandering our productive potential, consuming both our North Sea capital and our industrial capital.

This is an almost unprecedented situation, and the National Institute has had to scrap the forecasts offered only three months ago, on the basis of its model, and take account of industry's self-defensive reactions.

The result is a much sharper setback to production than previously forecast. Non-oil industrial output is now expected to fall by five per cent this year, and by a further 1½ per cent next year. GDP as a whole, thanks to oil and services, is expected to fall by only two per cent this year, with the tentative beginnings of a recovery next year. Unemployment is forecast to rise more or less indefinitely. The sad thing is that there are no shocks here; it is simply a portrait of the UK economy as we now see it.

When real incomes are higher than can be justified by output, it is naturally tempting to look for an answer in terms of wages. The National Institute, as usual, summons up a vision of what it now rather coyly describes as "a reform of the bargaining system"—hitherto known as an incomes policy—as a way of making a direct transfer from wages to profits.

The result of this wishful exercise is predictable: a short-term fall in real incomes, which might reduce home demand for a time, followed by lower inflation, lower interest rates, and finally a higher level of both output and real incomes than would otherwise be the case. This forecast will no doubt be adopted as a footnote to Ministerial sermons on the rewards of wage restraint.

However, in the real world an incomes policy is easily the least likely outcome of any consultations which the TUC succeeds in wresting from the Prime Minister. In the real world we must hope for salvation by some more probable means. In this respect there are some features of the National Institute forecast which may still be unrealistic, and other features which are oddly encouraging.

What seems unrealistic is to assume, as this forecast does, that in the absence of a new approach to bargaining, wages will succeed in keeping up with past price increases. It is by no means only in the small firms cited in the review that the unprecedented profit squeeze is having unprecedented effects. If the hope now widely expressed of a much more moderate industrial wage round this year is fulfilled, some of the stresses in the economy will relieve themselves. It is not only managements which react to new and intolerable realities.

Borrowing

The encouraging feature of the forecast is the prediction that the Public Sector Borrowing Requirement will emerge more or less on target at £9bn, despite the sharp recession now contained in the forecast. If this is achieved—and the National Institute has an unusually good record in predicting this figure—one nightmare now widespread in the City will fade.

This in turn should pave the way for the most effective step the present Government could take to relieve the dangerous pressures to which private enterprise is now being subjected: a fall in interest rates, and consequently in the over-valued exchange rate, thus simultaneously relieving industry's cash flow and allowing some headroom for price adjustment. While a reduction in inflation may remain the Government's prime target, its speedy achievement can be bought at too high a price: that is the real message of this portrait of a profit-induced slump.

Latin American detente

THE VISIT of General Jorge Videla, the President of Argentina, to Brazil last week was a success for the foreign ministries of both countries. Following the visit of General Joao Figueiredo, the Brazilian President, to Buenos Aires earlier this year it allowed both men to reaffirm that the governments of the two largest countries in South America were marching in step.

From both sides came the news that the rivalry between these two large countries which had kept them at loggerheads with each other for generations was coming to an end.

Bridgebuilding

The bickering over the use of the waters of the River Paraná, which rises in Brazil and flows hundreds of miles through Argentina must now be a thing of the past, and the Brazilians can continue their construction of the great Itaipú Dam on the Parana undisturbed by any further querulousness from Buenos Aires. Brazilian cars and lorries must now be able to pass freely through Argentina to their final destinations in other countries. The door may now be open for greater co-operation in nuclear matters between the two countries.

The diplomats in Brazil's Itamaraty Palace and in Argentina's Palacio Sao Martin have every right to be pleased with the fruit of months if not years of patient bridgebuilding and quiet back-room work.

It would however be a mistake for the outside world to read more into these presidential visits and the subsequent joint statements than is contained in them. Two swallows do not make a summer and two presidential excursions do not ensure lasting good relations between 120m Brazilians and 25m Argentinians.

In the first place the Videla and Figueiredo governments may not be in any position to influence decisively the course of their countries' fortunes for many more years. The financial situation of Brazil is bad and not getting better and General Figueiredo is faced with some extremely tricky economic and political decisions if he is to contain strong inflationary pressures and continue with his policy of liberalisation.

In Argentina, General Videla's term is coming to an end at a time when his country's balance of trade is moving heavily into deficit, inflation remains rampant and there are question marks about the political future under a new military President.

The Argentinians have been carefully explicit that Brazil can expect no help from them on the principal problem which it faces, its foreign debt. Argentina has been willing and able to assist a small neighbour like Bolivia with its financial problems. But the size of Brazil's liabilities is such that Argentine help would scarcely be of any use if it were offered — which it is not.

Political differences between the two governments on matters of the moment are not far to seek. For instance, Brazil has condemned last month's military coup in Bolivia; Argentina fostered it and was among the first to recognise the new rulers in La Paz.

At a deeper level the rivalry between the largest country in South America, Brazil, and the most technologically advanced, Argentina, subsists. Brazil, because of its size, remains convinced that it has a world role to play, whatever its present economic difficulties.

Co-operation

Many Argentinians for their part cannot come to terms with the fact that Brazil, whose economic potential they tended in the past to disregard, has long since outstripped them in many fields. Co-operation with Brazil goes against the grain for many in Argentina. The fact that Argentina must accept Brazil as the senior partner in any alliance is one that many Argentinians will take a long time to accept.

The realist who observes the new cordiality between Brasilia and Buenos Aires will welcome it. But he will not expect it necessarily to be either long lasting or deeply felt.

THE CARTER INDUSTRIAL PACKAGE • BY IAN HARGREAVES IN YOUNGSTOWN, OHIO

The U.S. steel town that no longer makes steel

A RUMOUR ran around Youngstown earlier this week that President Jimmy Carter would visit the stricken Ohio steel town to announce his long-awaited programme for revitalising U.S. industry. It was, as it turned out, no more than a rumour. It is easy enough to see why the President avoided any temptation to use the scarred slopes of the Mahoning Valley as his Gettysburg Address.

Youngstown, which 30 years ago formed the core of America's second largest steel making centre, has not poured a single ounce of steel this week, having just witnessed the closure of the last of its basic steelmaking plants.

Mr. Carter's campaign promises, his theories about supply side tax cuts—aimed at stimulating business—and his expressions of hope about jobs would have sounded hollow to the 5,000 Youngstowners who have most recently paid the price of the industrial failure which the President is seeking to remedy.

The suspicion that Mr. Carter is primarily electioneering may partially correct. It does not, however, alter the fact that he is the first post-war American President to be on his feet at least acknowledging that the regeneration of America's basic manufacturing industry is a vital task. Whether the country yet possesses the political will—or the machinery—to tackle the problem in anything other than a haphazard fashion remains to be seen.

But if the President had wanted a Gettysburg—the bloodiest battlefield of the civil war, where Abraham Lincoln delivered his famous words of national unity—he certainly could not have found a more apt territory than Youngstown, Ohio.

The national trends against which the President's policy is pitched—a capital formation to GNP ratio not much better than half that of Japan, erosion of the U.S. share of world markets, loss of leadership in research and development and stagnation of manufacturing productivity—are held up crudely to the light in Youngstown.

In the middle of 1980, Youngstown finds itself shorn of most of the basic industry which has sustained it for a century. It is 10,000 jobs worse off in a town of 120,000 people, has 15 per cent of its labour force out of work and a shattered tax base which is pushing the town towards a possible fiscal crisis.

The area's second most important industry, the motor business, is still deep in the doldrums and in an attempt to make fiscal ends meet, the city's Mayor is about to sack over a tenth of Youngstown's public employees, shutting three fire stations and suspending the ambulance service. Almost 16,000 families in the Mahoning Valley have reached that last dread stage of the American system by signing up for welfare—nearly twice the level of two years ago.

"The town is just falling to bits," says *Mr. Bob Vasquez*, the mild 32-year-old Puerto Rican who until a month ago was president of Local 1330 of the United Steel Workers of America (USW). Today he is sitting in the almost bare union office working with consultants from New York and Cleveland on a plan which, he hopes, will convince the Government to put $100m in loan guarantees behind a workers' co-operative to re-open the two most recently closed steel works.

Down the hill from his office, which he is under notice from *his own* union to quit, is the brick Victorian girls' school of a building which was the Youngstown headquarters of United States Steel, the largest steel company in the country, and which in January was occupied for a day by angry steelworkers protesting against the company's shutdown.

Fate sealed by decision

Beyond that building is a 25-mile strip of the tangled cathedral-like contraptions of the industry around which Youngstown was built. In Youngstown itself, the only break in the grey of the roofs and the city's bricks, in fact the only evidence of anything new at all, are the pink and green boards over the mill windows. Behind those boards lay worn-out machines, some of them still steam powered, and a 70-year-old steel production system based on the energy-squandering open hearth system.

Youngstown's fate was settled more than a decade ago, when the three owners of its four major facilities—US Steel and two local companies later taken over by conglomerates—decided not to modernise.

U.S. Steel's argument against modernisation was the need to conserve funds for grander investment in high volume steel production elsewhere. A plan for a waterside plant on an internationally competitive scale at Conneaut, two hours drive north of Youngstown beside Lake Erie, still sits in the company's planning department, unable to meet return on capital requirements.

U.S. Steel, along with others, has concentrated on pressing Washington into the kind of supply side, business-aimed, fiscal incentives President Carter partially promised yesterday. The industry told the President in January that without such a package, by 1990 some 40 per cent of steel bought in the U.S. would be foreign-made and that 90,000 steel workers would be on the streets.

Youngstown, in this context, is the steel industry's proof that it was not bluffing. Blame is easily and frequently laid. Management has been weak, inbred and insular. Labour has been intransigent and too expensive. The Government has assembled expensive anti-pollution laws just as steel was being forced by the end of oil and gas price controls to live in the world of high cost energy. Meanwhile, European countries are accused of subsidising their industries, and the Japanese have just been plain efficient.

This year the Carter administration has had to face constant criticism from Sen. Edward Kennedy that it is not paying enough attention to the needs of the North-East and the Mid-West, where most of the declining industries are concentrated. It is no coincidence that this is also the traditional centre of the Democratic vote.

Ohio, for example is a state that President Carter knows that he must carry if he is to win the election. But the whole belt of states from Illinois across to New York face, in varying degrees, similar problems.

But it is not just the political statistics that have concentrated the President's mind.

What has alarmed the administration in particular are the figures for productivity and capital formation. Average manufacturing output per hour grew between 1977 and 1978 by only 0.6 per cent, worse even than Britain's 1.8 per cent and a startling one-sixth the rate of the improvement in West Germany. [Since then, as the graph above shows, there has been some change for the better in the American position.]

Even the American reputation for innovation appears threatened. The Comptroller noted that the proportion of U.S. spending on research and development to GNP has been on a declining trend since 1963.

Of course these figures mask very widespread disparities. The picture looks very different in the confident states of the sun belt, the southern third of the United States which has seen so much growth in the past 10 years. The aerospace, computer and telecommunications industries are probably as strong as they have ever been. Even the car industry's current problems, grievous though they are, cannot yet in any sense be described as terminal.

But for Youngstown and like it with a long industrial tradition behind them have now to pick up the pieces as the administration seeks to understand the full extent of the industrial malaise and to do something about it. To put it another way, is America really on its industrial uppers as some of the current rhetoric might suggest?

The answer from Youngstown, through the thinning sulphurous cloud which has overhung it for generations is a widespread if hesitant no.

Part of the reason for this confidence is the speed with which the local economy appeared to absorb the shock of four closures in 1977. A year later unemployment was actually lower than before the closures, at 6.9 per cent. Youngstown had not grown in line with the rest of the U.S. economy, but at least it had not sunk further.

The prime reason for this, was the expansion in 1978 of a nearby General Motors' plant, which together with the stimulus given to the area's smaller companies by the then motor industry boom, sucked in most of the surplus workers.

More willing to leave

But with the motor industry now in deep slump, and Youngstown's service sector hard hit by the recession—several shops have closed down, the only city centre hotel is bankrupt and large spaces in a downtown showpiece precinct have remained empty since 1976—the problems are much bigger this time around.

The local employment office reports that steel workers today are much more willing than in 1978 to consider leaving the area altogether and abandoning the strong and stable Italian-East European ethnic enclave of Youngstown.

Washington and the State Government of Ohio both acted too late last time to be of much help, but since then development agencies have had a chance to show some successes.

A small part of one of the first steel mills to close is open again, making railway spikes. A rubber hose company which collapsed in August, 1978, has reopened under 40 per cent worker ownership, and with a $1.25m loan from the Federal Government. It is also making profits.

The plum deal, if it is completed, is a 1,500-job venture by the Commuter Aircraft Company to build small aircraft in Youngstown, again with the help of Government loans guarantees, amounting to $30m. This company considered locating in California, the traditional home of aerospace, but a shortage of skilled labour in the economically strong West Coast made even steel town wages seem reasonable by comparison.

One reason for the successes has been active ferreting by groups of local small businessmen, with whom Washington appears to have co-operated successfully.

But that does not prevent others from feeling that more radical solutions such as Bob Vasquez's Community Steel venture are the way forward.

The idea of a co-operative took roots three years ago, mainly then at the initiative of the highly active and influential Youngstown churches.

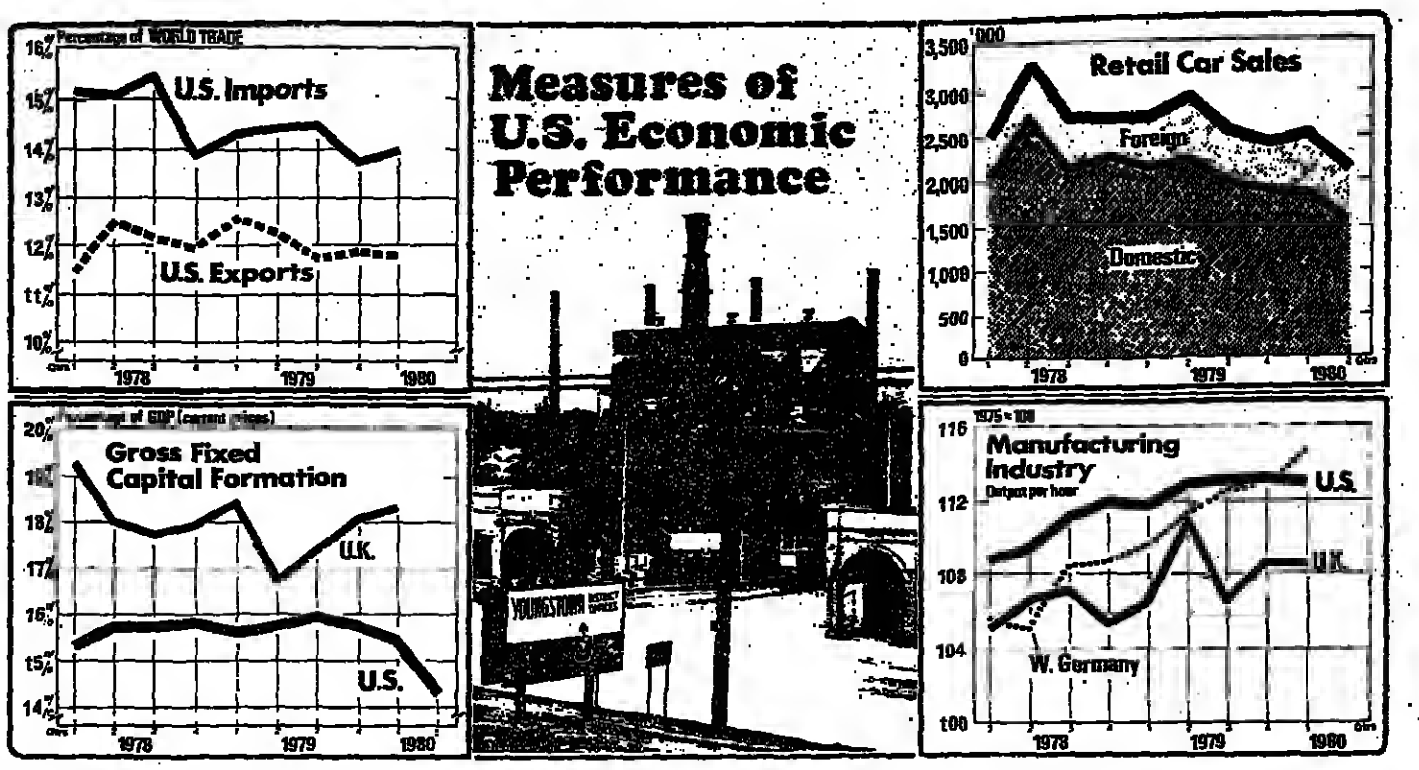
Since then, however, what has evolved is a sense that old attitudes must bend to the crisis —and this has produced a widespread questioning of U.S. Steel's record of non-investment and shutdown. This pragmatism has led the men of Local 1330 to find ways of reducing proposed manpower for the reopened plant by almost one-third, mainly by cutting holidays, and to cut overheads by more than 20 per cent.

It is also pragmatism which has driven the USW leadership to allow two of the industry's weaker companies, Kaiser Steel and Wheeling-Pittsburgh, to be exempt from some of the provisions of the costly basic steel wage contracts, which afford workers around $14 an hour in wages and benefits.

The Youngstown men feel bitterly let down by their union leadership, whose only public act in response to their plight has been to scrap the Youngstown union district and join the industry in pressing the White House for tax breaks and other assistance.

The American system is one of extremes. For the first six months to a year after redundancy each jobless Youngstown steelworker will take home around $250 a week—depending on length of service and seniority—in unemployment benefits. This retained spending power eases the shock on the local economy, reduces tension among workers themselves but sets a deadline for the individuals involved to find work. Welfare and food stamps are available beyond that, but are paid only to those who are demonstrably poor.

All this has fed into the atmosphere of a town which although it has grown shabby at the centre is not desperately decrepit. Through it all, runs a belief that from somewhere near, or if necessary from further afield, in the vast diverse and in many areas still thriving U.S. economy, something will turn up. If it comes to the last straw men can migrate a thousand miles without language barriers to find a new job.



MEN AND MATTERS

Keen guest in Hesketh fold

As the finely-tuned Hesketh superbike revs impatiently on the starting-line, who is that familiar figure I spy donning his leathers and leaping aboard? It is, unmistakeably, Sir Barrie Heath, retired GKN chairman, vice-president of the Society of Motor Manufacturers and Traders, and now a non-executive director of Hesketh Automotive Products.

Heath will bring to the Hesketh board a valuable industrial and City background as the fledgling company prepares to go public and move from Hesketh's picturesque Towcester estate to a factory at Daventry. Heath came to know the energetic racing-driver lord through GKN's involvement in the motor industry, and, he tells me, "when they cast a fly over me, I accepted."

Was Heath, an enthusiastic yachtsman, also a motorcycling man? "You obviously don't know *my* wing-loading," he chuckled, "otherwise you wouldn't ask." But while he may not have enjoyed a 'burn' on the 140 mph Hesketh 1000 Vee Twin, Heath is confident of the virtues of what he calls "a fine bike." Initial production will be some 2,000 models annually from late spring.

Togetherness

Isolation in a one-family nuclear shelter, says Michael Noble, will drive the inmates "whacky." Better barmy than irradiated, say I. But Noble, managing director of ICE Selett International in Leeds, has a better idea — a radiation-proof hidey-hole with neighbours.

He has asked Selby Council for permission to bury a rabbit warren shelter system under the grounds of his home at Ryther Hall in rural Yorkshire. To accommodate 50 families, their cats, canaries and goldfish, each family unit will be serviced by a central control office and share luxuries such as a medical centre complete with doctor, exercise facilities and a 16-seat *cinema*. *They will be* built *by* his company, which specialises in instrumentation and fibreglass buildings for industry.

"With a network of units," *he* tells me, "It becomes feasible to install sophisticated equipment and an expertly manned central control, to bring down the cost and give some sense of community during the holocaust." While an individual *shelter* with comparable counter-Apocalyptic accoutrements would cost £18,000, Noble says his will go for less than £10,000 each plus an annual maintenance charge.

With firm orders for the first eight home-from-home on his hooks, and fingers crossed for a nod from the council, he bubbles at the prospect of digging up the whole of his 5½-acre estate and planting it throughout with 300 of the 50-family modules. Come the bombs, he is hardly likely to be bothered by men from the council complaining about overcrowding.

Going, going . . .

The squeals from the art deco protesting at the *razing of Firestone's* lavatorial factory on the Great West Road, may, I suspect, have drowned out the din of demolition elsewhere in the land. Pillars of our *industrial* heritage are falling like ninepins.

Out *in* leafy Buckinghamshire, British Land, having won a long battle against preservationists' has launched the bulldozers into the 120-acre site containing the remnants of the UK film industry. Former home of Sir Alexander Korda's celluloid empire, and birthplace of Sabu the Elephant Boy, the nine hangar-like sound stages of Denham Studios are being flattened.

The demolition *men* were called in simply because the local council was charging "penal" rates — double the norm—on the empty buildings, says British Land director Cyril Metliss. The clearance of the site, he adds, does not signal a start to development, although "all interests have been acquired together with planning consents and we are considering the alternatives now."

Further north, meanwhile, the battle rages between civil engineers W. and J. R. Watson and the West Lothian District Council over the future of five heaps of shale spoil. Known locally as The Five Sisters, the council wants them scheduled as ancient monuments while the Watsons insist the rubble will serve Scotland better as filling material under a motorway.

"Well Mrs. T. — a shorter working week for Sir Geoffrey, Sir Keith and yourself would be a very constructive start!"

Back to the front

The Men and Matters Name-o-meter, a highly sophisticated early warning device for alerting me to topics of interest among the doings which cross my field of vision, has a long and retentive memory. So it was that, while sifting through the normally uninspiring *news* of discloseable shareholdings, the machine produced a gentle squawk when it digested the news that one Ian Wasserman *now* holds 11.06 per cent of troubled clock and hardware wholesaler H. Goldman.

"Ian the Deal," as he was known to some during his days as a director of Slater Walker, has been buying and selling the odd share in what he describes to me as a "sensitive" way since he left the *alma mater* five years ago. Initially, he worked in tandem with William Booth, with whom he shared corporate finance responsibilities at SW. But their ways have since parted as shirt-maker Booth's tastes turned towards private companies and Wasserman's towards public ones. His current interests include stakes in voluntarily-liquidated Lampa Securities and motor parts company Howard Tenens.

Wasserman is interested in principle in acquiring control of a public company—though Goldman, he insists, "isn't the one." The reason for his being in there, he tells me, is a long-standing relationship with Goldman directors. He may, he concedes, influence company policy "in a small way," but he is not seeking an executive role.

Wasserman is far from the first of Jim Slater's merry men to put his head back above the parapet: and the market has generally offered a warm welcome back. Goldman shares moved up 3½p to 17p when Wasserman's interest was disclosed, while the activities of Slater and John Bentley have beefed up interest in the Tebbitt Group and Laganvale Estate.

Interesting

While personalised number plates are more commonly seen in the West End than in the sober streets of the City, I suspect that the proud owner of MLR 1 would probably turn a few heads in Threadneedle Street. It currently ornaments an up-for-grabs custom Range Rover, owing more to the name of owner Michael Lee Rothman than to economic symbolism. Rothman is inviting offers for the turbo-charged velvet-lined supercar, and would consider throwing in the plate "if the price was right."

Observer

FIGHT BACK AGAINST CANCER

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*As you are sure to know, a donation made by means of a Covenant allows us to reclaim tax paid, thus increasing our resources at no additional cost to the donor. We have up-to-date details of how to make a Covenant arrangement—if you would like them sent, please put a tick in this box.

Mr/Mrs/Miss
Address

The Appeals Secretary, Room 2a
Imperial Cancer Research Fund, P.O. Box 123,
Lincoln's Inn Fields, London, WC2A 3PX.

David Lennon reports on a storm that threatens to engulf Mr. Begin's Government

The war of words over Jerusalem

JERUSALEM has often been dubbed the city of peace. But more wars have been fought over it than possibly any other city on earth. The current war is one of words, involving diplomatic resolutions, parliamentary proclamations and often wildly inaccurate claims by various sides.

Negotiators trying to patch together a lasting peace in the Middle East have always recognised that Jerusalem would prove the most intractable issue of all. For that reason they have tended to put it to one side, preferring not to think about it until everything else has been settled.

But Mr. Menahem Begin's decision to throw his weight behind a private member's bill in the Israeli Parliament proclaiming Jerusalem as the eternal and indivisible capital of Israel has forced the future of the city into the centre of the picture. In the process the Israeli Prime Minister has reawakened Western concern about the fate of the city and created a receptive ear for Arab protests, largely ignored in the past, about its status.

Most of the 13 countries with embassies in the city have now announced that they are moving to Tel Aviv, including, most recently, the Netherlands which has been among Israel's staunchest supporters.

In the city itself the "Jerusalem law" changes little. It merely underlines a succession of changes which began 13 years ago when Israel captured, and immediately annexed, the Arab half of the city. Since then Israel has tried through massive building programmes to extend and deepen its hold.

Holy in varying degrees to three religions, Judaism, Christianity and Islam, Jerusalem is as much a symbol as a reality. For Jews it is the ancient city of David and site of the First and Second Temples. For Christians it is the scene of many of Christ's greatest moments, and for the Moslems it is the place from which Mohammed ascended to heaven.

But few adherents abroad of these religions have any concept of the real city of today with its horn-honking traffic jams, its small and often grubby shops, dusty building sites and sometimes explosive communal tensions, as well as picturesque alleys and modern suburbs.

For a mere 19 years of its long and bloody history the city was divided by barbed wire and brick walls, Jordan controlling one side and Israel the other. Yet the reality created during that period between 1948 and 1967 left a lasting imprint on Jerusalem. When the Israelis conquered the Jordanian Arab half of the city in 1967 they found a city totally different from the one they knew.

Being right on the border and some distance from the commercial centres of both Jordan and Israel, the two halves of the city had become small, almost forgotten backwaters. In Israel it was Tel Aviv and the coastal plain which developed, while in Jordan it was Amman and the East Bank which enjoyed most of the modern development.

The pre-1967 joke in Israeli Jerusalem was that the most exciting thing to do in the city was to take the bus to Tel Aviv. For Jordan, Jerusalem was a city of merchants catering to the hundreds of thousands of tourists and pilgrims who came from all over the world to visit the holy sites.

The two sides were forced back into contact with brutal suddenness in June, 1967, and the shock was mutual. The Arabs stared in amazement at the Israeli traffic lights and girls in hot pants. The Jews were taken aback by the range of shops overflowing with low-priced Western goods.

Thirteen years of living side by side has done little to bring Arab and Jew closer, but much to deepen the chasm. Israel's determination to strengthen its control over the city has alienated the Arab population.

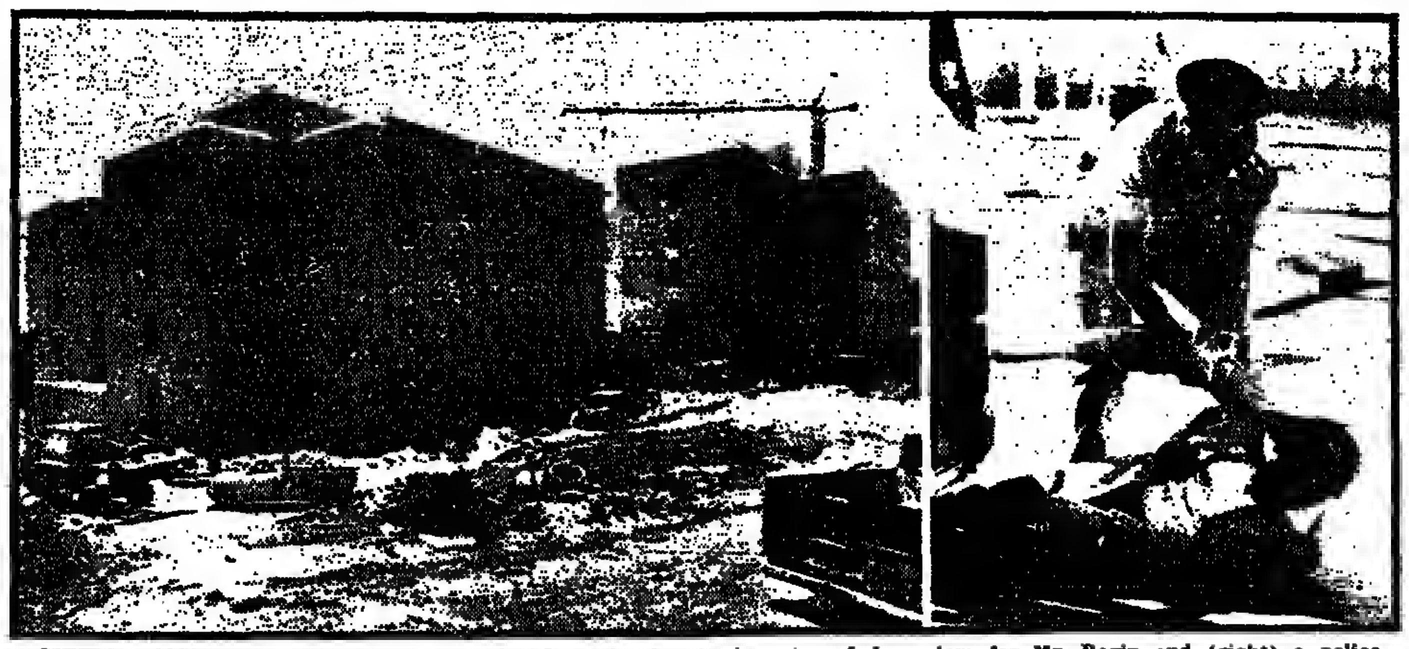
The Jewish quarter of the Old City has been restored and recreated with loving care, regardless of expense. Suburbs of fortress-like apartment blocks have been built in a semi-circle around Arab East Jerusalem, both to defend it from attack from the East and to enclose the Arab sector within a wall of Jewish presence.

The result is that today Jerusalem is a widespread city of Jewish suburbs with a core of Arab population living inside it. To the west of the city is Israel, to the east the world of Palestine, and the West Bank, increasingly angry at the spread of Israeli concrete.

Although Israel "annexed" East Jerusalem in 1967, even Israeli jurists have questioned the validity of this action. The Israelis themselves, as though equally aware of the fragility of their claim to the Arab city, have allowed the Arabs of East Jerusalem to continue studying according to the school curriculum of Jordan. Citizenship was offered to the Arabs, but when they failed to take advantage of this gesture nothing was done to force it upon them.

So Jerusalem remains two cities. A quarter of a million Jews live in West Jerusalem, and the excusively Jewish suburbs built in the occupied part of the city, while over 100,000 Arabs live in the Old City and the eastern suburbs which have remained totally Arab. The physical border may have been wiped out by Israeli building, but every Arab and every Jew knows the moment he has crossed the now-invisible partition line.

Viewed in terms of naked power, Israel made a major error in 1967 by not driving out the Arab population and later dressing this up as a voluntary exodus. But the Israelis were so surprised and excited to find themselves in possession of the Arab half of the city that they did not think about the future problems which this conquest, not only of a city but also an alien people, would bring. Today Israel could not possibly attempt such a solution to the problem of Jerusalem without creating a furore even among its allies, such as the U.S.



SYMBOL AND REALITY: The offices being built in the Arab sector of Jerusalem for Mr. Begin and (right) a police officer on duty outside the Prime Minister's home arrests a demonstrator protesting about the detention of the right-wing Rabbi Meir Kahane.

Even the largely symbolic action of proclaiming the whole city as Israel's capital now brings a storm of protest. Mr. Begin does not appear to have appreciated this changed reality, or if he has, he does not care about it. Still living the struggle of the 1940s, he pursues his goal of restoring all the "Land of Israel" to Jewish control, believing that the West's guilty sympathy towards the Jews has somewhat evaporated in an oil-hungry world.

By supporting the private member's Bill on Jerusalem Mr. Begin has drawn worldwide attention to Jerusalem and Israel's actions and succeeded in producing an exodus of ambassadors from the city which Israel wants all the world to view as its capital.

The struggle over the years to emphasise the fact that Jerusalem is the capital of Israel has been a hard one. Because it was destined to be internationalised under the partition plan of 1947 no state recognised officially Israel's subsequent claim that it was the nation's capital.

The Netherlands, which had long shown great sympathy for Israel, upgraded its consulate-general in Jerusalem to embassy level. But no European state followed suit. In the 1960s Israel persuaded many of the Latin American states to open embassies in Jerusalem. But the total number never exceeded a baker's dozen.

Ironically, some of the most vociferous Israeli proponents of Jerusalem as the capital actually prefer to base themselves in Tel Aviv. Mr. Begin lived in a small flat there for three decades, moving to Jerusalem only in 1977 when his electoral victory provided him with an official residence in the capital.

Members of his ruling Likud bloc, who badger journalists, organisations and businessmen to move to Jerusalem tend to become tongue-tied when they are asked why the political party headquarters are still in Tel Aviv. Despite the trumpeting about Jerusalem, it is Tel Aviv which remains the commercial and cultural hub of the country, housing the big companies and banks, theatres, orchestras and art galleries.

Nevertheless, Mr. Begin claims that there is a broad consensus among Israelis that Jerusalem must remain the country's undivided capital. The fact that the Labour Opposition voted for the Jerusalem Bill indicates that the former ruling party shares that belief. Even President Anwar Sadat of Egypt, the one Arab leader to seek peace with Israel, admits that the issue is so complex that it were better left till last of all the topics to be negotiated.

But for reasons best known to himself, and perhaps deeply buried in his psyche, Mr. Begin has chosen to take actions which have made Jerusalem an issue now, when the negotiations on Palestinian autonomy are frozen and only a few months remain before the U.S. presidential election.

By passing the Jerusalem law he has made future negotiations on the fate of the Arab part of the city even more complicated and has also forced Israel's main supporter, the U.S., to pay critical and public attention to developments in the city.

The renewed interest in the city has also raised the expectations of the Arab population. They have unavailingly protested and demonstrated for years against Israeli occupation; now they hope the world has finally woken up to their plight.

Despite the thousands of jobs which they find in Israeli enterprises and the Israeli social benefits paid to them, the Arabs of Jerusalem still feel and know that they are not a part of Israel. They still hope that the city they are living in will one day be the capital of Palestine.

After 13 years of Israeli occupation, of ineffectual international protests, resolutions and condemnations, the Arabs have little faith left in any international solution to their problems in Jerusalem.

They know that Jerusalem is Israel's by right of conquest, and few of them see any way that the situation can change without the use of counterforce. Many Arab residents hanker for the old neighbourliness of the days before Israel was created. But peaceful co-existence between Arab and Jew in Jerusalem can be genuine only when each has the same political rights, when neither group is dominated by its neighbour.

Letters to the Editor

Ability to pay

From Sir Alan Neale

Sir,—In his Lombard column of August 26 Mr. Brittan points to the ability of some State concerns to pay higher wages "by raising monopolistically their charges to the consumer" and wants to have the decision to do so made by Ministers. There is a strong *suggestio falsi* that the private sector cannot do the same but there is a vast protected area that can and does.

Let me give just one example. I protect the contents of my house by a Lloyd's householder's policy arranged through a well-known, wholly reputable and "competitive" broker. Since 1970-71 we have added (modestly) to our possessions and sought to keep the value of the contents in line with inflation, so that the amount covered is now four times what it was then; this must be about par for the course. The premium for 1980-81, however is 15 and a half times what it was ten years ago and no less than seven times what it was three years ago. State monopolies indeed!

Your readers may like to find other examples of what they pay now for their barbers, their plumbers, their auditors or for that matter for the Financial Times compared with ten years ago. In one sense these services are "competitive" in that we can switch suppliers, though not readily to suppliers abroad; but once a high rate of inflation takes hold and prices have to be raised regularly, it is clear that price competition breaks down in the protected sector and generous "going rates" get established. It is wilful blindness to facts of this kind which wholly misleads commentators and some policy makers as to the way the "market economy" will react to monetary measures.

Alan Neale,
95 Swains Lane, N6.

Freedom to organise

From the General Secretary Clearing Bank Union

Sir,—As the general secretary of a non-TUC union, may I add my name to those who applaud the actions of Polish workers in their fight to obtain free trade unions. My union is non-political and it is as an individual that I suggest that the courageous fight by Polish workers is an inspiration to all of us who are involved in representing employees in industry.

I am sure my members who are not in a closed shop but have exercised their rights and privileges in a democratic society by entering membership of an independent union, will join me in wishing our Polish colleagues the same rights that they enjoy.

My congratulations go to Tom Jackson and Frank Chapple who have exhibited the true mark of both trade union solidarity and, perhaps even more important, continued the traditional attitude of the Polish people towards oppression whatever its source.

The TUC leadership has not done anybody any favours, least of all those in this country who would like to see it more effectively represent its member unions in the most difficult economic circumstances for decades. It is with no pleasure that I see confirmed the rightness of my own union which decided not to seek TUC affiliation.

Jack Britz,
Clearing Bank Union
Wootton House,
Wootton Gardens,
Bournemouth.

Mortgage funds

From the Secretary-General, Building Societies Association.

Sir, — Mr. David Liss seemed to suggest (August 27) that, to help home-buyers, building societies should stop opening branch offices and devote the money thus saved to the provision of additional mortgage loans. The societies have found from long experience, however, that the best way to attract savings from the public is to open branches in good locations. These branches also act as a nucleus for recruiting investments from professional contacts in the area.

The branches need a running-in period, but within two or three years they are paying their way and providing an increasing flow of funds for home-buyers. Surely it would be a short-sighted policy to stop such capital investment. The funds generated over the years will be far in excess of the immediate saving.

Mr. Liss also suggested that I should look at the cost-efficiency of my members. In 1979 management costs for the whole movement stood at £1.05 for every £100 of mean total assets — a figure well below that of any comparable financial institution.

Norman Griggs.
34, Park Street, Mayfair, W1.

Covered market

From Mr. M. Matthews

Sir,—Mr. D. Liss's letter (August 27) on the subject of building society offices rings a very loud bell.

Whenever I find myself provoked by a building society, it is my practice to point out that since they all provide substantially the same services they could do it much more economically by renting a joint office and each having a small booth in it, thus combining all of the building society offices under one roof, making it much easier for everyone to deal with them. For some reason this always seems to induce a state of apoplexy, but on logical grounds I can never understand why.

M. C. Matthews,
Matthews and Matthews.
13, Princes Street,
Dorchester, Dorset.

Personal savings

From Mr. C. Beney

Sir,—The negative approach of the secretary general of the Building Societies Association (August 22) must be countered. He says there is no way building societies could compete with inflation proofed Government media.

He neglects to indicate the key assumption implicit in this statement—namely, that building societies savings will always be taxable (albeit somewhat under standard rate for standard rate payers). Why should this be so? Now that capital gains tax has effectively been abolished for the small personal saver, is the time not ripe to abolish income-tax on the gain (interest) on fixed capital? After all, the "gain" in both cases has mostly proved a loss in real terms.

The present "gross" rate from building societies is close to the inflation rate and even if it were not, borrowers get such a bargain that, long term, they could stand a higher charge thus allowing a higher payment to lenders.

At present we have the ludicrous situation that potential first time house buyers have enormous problems in saving the deposit, etc., simply because any savings they do make, simply shrink away before they can collect enough together. So if both building society and Government deposits were tax and inflation free or nearly so then younger people would choose building society in order to get mortgages and much real new money would be attracted. In the context of possible massive sales of council houses this approach might avoid a serious short-term mortgage fund shortage.

If the fiscal limits were set approximately (eg. £5,000 maximum in a building society treated this way) then those not seeking mortgages would turn to a government scheme for any sums available above this limit. There could also be some interesting interaction with pension funds—but that is another story.

C. B. N. Beney,
12, Woodlands Road, Bushey, Watford, Herts.

Power from the wind

From Mr. B. Wood

Sir,—About 35 years ago there was considerable interest in windmills for electric power generation. The first large unit at Grandpa's Knob in the U.S. soon smashed up. The 1 MW at Orkney was luckily dismantled when a big wind came in about 1947 and was never reinstalled. Darrieus in Paris had built a whole series of aerodynamically clever windmills from 1902 to 1936. They all blew down. That was why he abandoned the horizontal axis type in favour of the vertical axis egg beater which can be guyed. Recently two large windmills were built in the U.S. and both blew down immediately.

The explanation is that the power in the wind through a given area varies as the cube of the velocity. A constant speed windmill cannot use low velocities if it is designed to utilise moderate velocities at good efficiency for power. It also cannot use high velocities. It has a rather narrow range of application. Above a certain wind velocity the excess power must be split or the windmill must be furled, braked or shut down. The old miller who lived in his windmill heard the wind increasing, if lucky, and took appropriate action. That is why a few of them survived for years. Even small fixed sail windmills for farm pumping do not survive long as experience in Malta, Mallorca and U.S. shows though when sails were made of sailcloth as in Portugal they would rip and so save the mill.

The evidence is that aircraft or helicopter technology with its low factors of safety is inappropriate to windmill work. Do the authorities who are now proposing to spend public money on windmills know about this and are they taking suitable precautions or heading for another predictable fiasco?

B. Wood.
16, Park House Gardens, Twickenham.

Investment in industry

From Mr. N. Horwood.

Sir, — The question which must be answered, and soon, is — why is there such reluctance to invest in industry?

There is really only one answer — the potential investor cannot see an improvement in the economic or social climate of the UK in the foreseeable future. Something must therefore happen to reverse the present trend, and the something must be unambiguous and clear to academics and laymen alike. In my view there are two matters demanding Government attention immediately.

The first is the rate of interest charged to industry, and the second is the credibility of the Government as projected by its public spokesmen.

I can see no reason why industry should be forced by Government to pay usurious interest, and the rate charged to industrial borrowers should be in the region of 50 per cent of minimum lending rate. This would put the cash flow where it can do most good, into the hands of the primary investor, not the fuddy duddy banks.

While the great majority are sick and tired of the destructive activities of the far-Left militants and their political hangers-on, they are also disenchanted with the miserable performance of the members of the Government who have the task of presenting the Government's policies, especially through the medium of TV. The majority of Government spokesmen, with the virtually sole exception of Mrs. Thatcher, appear to be in a permanently defensive cold sweat. Often they seem to be uncertain of their facts, and have to resort to platitudes and clichés, which, alongside the loud-mouthed, articulate destroyers of the Left, make them seem inept and incompetent. This reflects on the Government as a whole, at least to the ordinary viewer.

I can only hope that the Prime Minister can so restructure the Cabinet and the team of spokesmen that she does not lose the services of the highly experienced but counterproductive image-projectors, while achieving the creation of a credible public spokesman. She should herself be seen far more often, even on a regular basis, but always in a structured discussion situation, not some random visit with heckling well organised.

But first let's give industry a chance.

Norman Horwood.
11, Melville Hall, Holly Road, Edgbaston, Birmingham.

Today's Events

GENERAL

UK: Mr. Ian MacGregor, British Steel Corporation chairman, has first meeting with Trades Union Congress Iron and Steel Committee.

Mr. Alhaji Amadu Fika, Permanent Secretary at the Nigerian Federal Ministry of Commerce, speaks on import and export growth to the Nigerian-British Chamber of Commerce, 69, Cannon Street, EC4.

Road Haulage Association holds its first weekend workshop on Heavier Vehicles and Tachographs, Blackpool (until August 31).

Paintings and sculpture selected by John Hoyland form the annual show opening at the Hayward Gallery, SW1 (until October 12).

Aviation Week and Space Technology presentation dinner for the John Curtis Memorial Sword Award presented for significant contributions to Anglo-American aerospace co-operation, HMS Belfast.

Overseas: America's Cup Challenge final round, Newport, Rhode Island.

National People's Congress standing committee meets, Peking.

COMPANY MEETINGS

Peter Brotherhood, Winchester House, 100, Old Broad Street, EC, 12. London Investment Trust, The Howard Hotel, Temple Place, WC, 11.30. R. W. Toothill, Durham Way, Aycliffe Industrial Estate, Darlington, Co. Durham, 12. Marston, Thompson and Evershed, Shobnall Road, Burton-on-Trent, 11.30.

COMPANY RESULTS

Final dividends: Barker and Dobson. Gripperrods Holdings. Interim dividends: Alcan Aluminium (UK). BBA William Jacks. Scottish Northern Investment Trust. Wagon Finance Corporation.

MUSIC, London

Malcolm Burcock Orchestra plays, Tower Place, EC4, noon.

Cello recital by John Franca St. Lawrence Jewry, Gresham Street, 1.00 pm.

Concert by the Anglo-Swedish Baroque Ensemble at the British Music Information Centre, 10 Stratford Place, W1, 7.30 pm.

SPORT

Cricket: Cornhill Insurance Centenary Test—England v Australia, at Lord's (until September 2).

Golf: British Women's Amateur Stroke-play Championship, Brancepeth Castle, Co. Durham.

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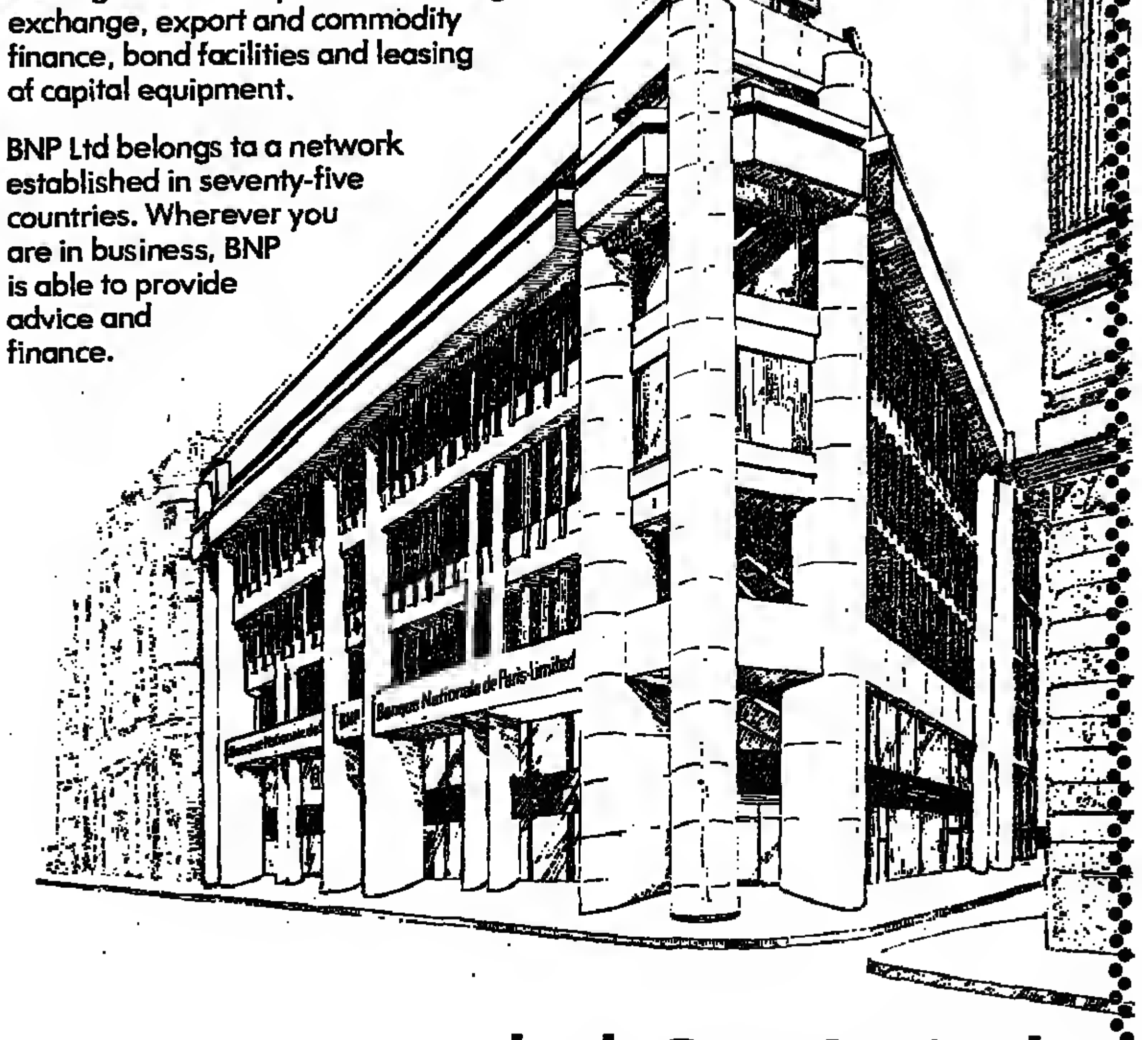

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Plessey ahead 42% to £18.7m in first quarter

FIRST-QUARTER prex-tax profits of the Plessey Company rose 41.6 per cent to £18.685m with the main increase arising in the UK where most businesses improved, particularly in telecommunications main exchanges.

	Three months to June 30 1980 £000	1979 £000
Sales		
Telecommunications:		
Main exchanges & transmission	50,500	40,200
Office, data, control systems	28,300	25,300
Electronic systems	56,500	49,100
Microelectronics, components	29,000	26,200
Hydraulics, aerospace, engineering	29,200	26,400
Consumer electronics	—	2,800
Total sales	193,500	170,000
Operating profit		
Telecommunications:		
Main exchanges & transmission	5,481	1,996
Office, data, control systems	1,872	2,769
Electronic systems	5,523	4,853
Microelectronics, components	3,300	2,181
Hydraulics, aerospace, engineering	3,186	2,536
Consumer electronics	—	*285
Total operating†	19,362	14,052
Associated companies	744	809
Interest receivable	1,475	857
Interest payable	2,936	2,548
Profit before tax	18,645	13,170
Tax	6,645	4,700
Net profit after tax	12,000	8,470
Minorities	280	263
Earnings	11,720	8,207

* Loss. † After depreciation £5.53m (£5.59m).

Overseas profits improved and in aggregate were 33 per cent higher despite the continuing strength of sterling and losses in Brazil.

The directors say the order intake has continued at a satisfactory rate and at the close of the quarter, there was a total order book of £1.06bn, up 28 per cent on last year.

Group sales for the first three months increased by 13.8 per cent from £170m to £193.5m.

Earnings for shareholders were £11.7m, representing earnings per share of 4.92p for the quarter, an increase of 42.2 per cent over earnings per share of 3.46p last year.

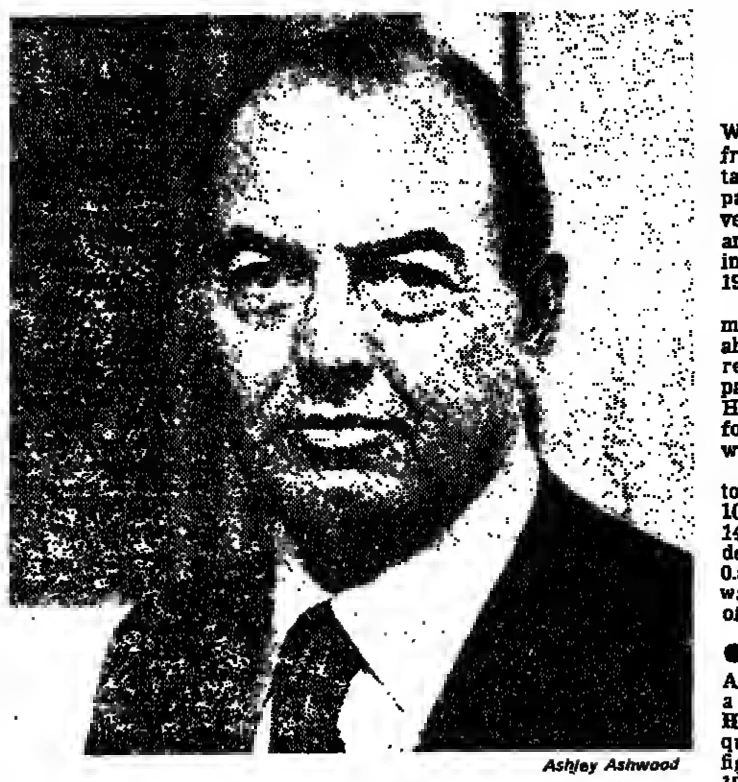
Mr. Peter Marshall, the group's deputy chief executive said later that cash inflow continues strong and is ahead of budgeted levels. Less money has been borrowed and this is continuing to improve.

Closure and redundancy costs amounted to around £2m in the first quarter and Mr. Marshall said the group had now moved out of most of the areas prone to recession.

Commenting on the Iraqi electronics contract, he said it had now "almost certainly been lost." Plessey was not prepared to risk shareholders' money on the contract, under which it would have to take full responsibility without aid from the Government, which was not forthcoming.

But the loss of the contract will have no negative effect on the group, he said.

Lex, Back Page



Ashley Ashwood

Sir John Clark, chairman of Plessey . . . order books at June 30, a record £1.06bn, up 28 per cent on last year.

H & J quick slumps halfway

WITH interest charges rising from £369,000 to £628,000, pre-tax profits of H. and J. Quick, passenger and commercial vehicle dealer, suffered severely and fell from £848,892 to £103,000 in the six months to June 30, 1980.

In his annual report the chairman said there were difficulties ahead and adequate profits and returns on investments would be particularly difficult to achieve. He said the first quarter's results for 1980 compared favourably with the same period last year.

After tax down from £31,000 to £15,000, stated earnings per 10p share have dropped from 14.91p to 1.2p. The interim dividend is more than halved at 0.53p (1.06p)—last year's total was 2.29p from pre-tax profits of £1.16m.

● comment

A Ford dealership is no longer a passport to profits growth. H. and J. Quick, the first quoted Ford dealer to report figures for the opening half of 1980, revealed an 88 per cent collapse in pre-tax profits, and all the problems came in the second quarter. New Ford registrations in the January-March period were ahead by 28 per cent, though admittedly the comparison was with a period of short supply. Reality came home in the second quarter with new Fords down 27 per cent and the July figures, lower by nearly 40 per cent and showing an eight points slide in market share, offer little comfort. Stocks of new cars filled the pipeline and interest costs at Quick soared by £259,000 to £628,000 including £167,000 extra for loans with Ford to cover vehicle deposits. Falling demand and over-supply have resulted in classic price cutting and margin collapse with little sign of any relief in the second half. The one bright spot is Quick's used car dealing where it has adopted a policy of getting shot of anything which does not move quickly to the auctions. Profits this year are likely to be in the region of £200,000 to £250,000. Earnings per share fully taxed will be around 1p a share and the dividend will probably be halved for a yield of 5 per cent. Not surprisingly the shares fell 5½p to 34½p yesterday and short-term there seems little support even at that level.

Mixconcrete trebled at midway but demand falls

BETTER WEATHER conditions during the winter months were largely responsible for a jump in pre-tax profits of Mixconcrete (Holdings) to £731,000 in the half year to May 31, 1980, compared with £242,000.

But demand has fallen in the second half as the Government's economic measures take effect, say the directors, and against this background it would be unwise to predict the outcome of the year as a whole.

At the beginning of the year, they warned that the contracting industry was ahead of its programme and likely to experience falling demand by the last quarter. Nevertheless, they expected at that stage that the full year profits would be comparable with the £2.31m for 1978-79.

Turnover of the group, which makes and supplies ready-mixed concrete, sand and gravel, concrete pipes and other building materials, went ahead from £15.28m to £21.3m in the first half. Tax took £360,000 (£126,000).

The interim dividend is held at 1.55p net—last year a total of 4.05p was paid.

Yorkshire Chemicals passes interim as demand falls in second half

ALTHOUGH FIRST-HAF 1980 taxable profits of Yorkshire Chemicals showed an improvement from £348,000 to £408,000, the directors give warning of a very difficult second period and in these circumstances, they have decided to postpone consideration of a dividend payment until the full year's results are known.

Until recent weeks the group had not suffered a reduction in volume of trade, but there is now evidence of an overall deterioration of demand, the directors state.

Trading against a background of high interest rates, strong sterling and a recession, they say the group is likely to produce a pre-tax profit which will be much lower in the second half than that now reported for the first six months.

In the last full year, pre-tax profits of this maker of dyes and tanning materials, slipped to £908,000 (£1.1m) and an interim dividend of 2.39526p net per 25p share was followed by a final of 2.45p.

As anticipated in April at the time of the annual report, first-half sales, at £11.99m, were similar to last year's corresponding figure of £12.19m. Of this, UK sales accounted for £3.16m (£3.17m) with the balance of £8.83m (£9.02m) from overseas.

Trading conditions in the first six months were unchanged, with selling price increases difficult to obtain, while the continued strong pound brought constant pressure on profit margins. Group organisation costs were contained at the level of those for the same period in 1979.

Net interest charge increased from £445,000 to £646,000, but depreciation was down at £596,000 (£681,000) and realised exchange losses decreased from £295,000 to £146,000.

The value of stock at June 30, 1980 was £13.26m, which was £1.7m lower than the level of six months earlier.

Short term borrowings fell by £917,000 and medium term borrowing by £800,000.

● comment

Yorkshire Chemicals points up what ICI was saying yesterday about its organic chemicals division; second-quarter profits in the dyestuffs industry have all but disappeared. Given the sector's high export dependence, the UK textile sector's wilting resistance to import penetration and the gradual shift of the synthetic fibres market to developing countries the slump should surprise nobody. Yorkshire has done what it can to alleviate the effects of a sharp volume fall from April onwards. Its speciality position has provided some useful protection against German and Swiss imports and swift action has been started to lower what were abnormally high December stock levels. This process, and its concommitant of a further payroll reduction, has a good deal further to go. June-end inventories of £13.25m are budgeted to fall to between £10m and £12m and the lower target looks more apposite in view of the forecast of much lower second-half profits. Capital and development spending seems to have been pared to the bone and it may not be over pessimistic to assume that any dividend paid this year will be strictly notional. Yorkshire estimates that dyestuffs capacity now exceeds consumer demand by about 20 per cent and a severe manufacturing shake-out can confidently be expected. In that context, it is depressing to note that the companies providing the major UK and international competition exceeds Yorkshire's £4.3m market capitalisation several hundred times.

HIGHLIGHTS

The major corporate news of yesterday was the poor second-quarter showing from ICI, with profits were more than halved to £72m pre-tax—way below the lowest market predictions. Lex also briefly comments on the impact of ICI's showing on the market as a whole, with the FT 30-share index down by eleven points at one stage. In contrast, Plessey has produced an impressive first quarter, with profits up from £13.2m to £18.6m, with a particularly strong showing from the main telephone exchange business. On the inside pages there are figures from carpet manufacturers Stoddard, which mirror the sad state of the industry. H. and J. Quick, the Ford main dealer, has produced some poor first-half figures and the outlook for the second half is equally unexciting.

Hill & Smith set for record

Taxable profits of Hill and Smith rose in the half-year to March 31, 1980, from £309,987 to £515,872 on sales up almost £2m at £9.6m.

The directors say that trading in the third quarter has been at a satisfactory level and present indications are that second-half figures should not be less than those for the first half. Full year results are expected to be at a new record level.

There was again no tax charge for the six months. The interim dividend is raised from the equivalent of 0.9p, after allowing for a one-for-ten scrip issue, to 1p net.

Last time a total equivalent to 3.18p was paid on profits of £891,000.

Directors and families have waived dividends on 1,078,278 shares. No taxation is provided as stock appreciation relief and accelerated capital allowances are estimated to exceed the liability to date.

Main activities of the company are steel stockholding, general steel fabrications, including road safety barriers and security fencing, lintels and drop forgings.

Kode ahead midway and sees 'substantial' rise for year

ON TURNOVER up from £3.89m to £4.62m, taxable profits of Kode International, computer equipment manufacturer, expanded to £662,405 in the 24 weeks to June 14, 1980, compared with £504,053.

Significantly, says Mr. W. D. Tudor, the chairman, the first-half results are also a marked improvement over the last 24 weeks of 1979, when there was a surplus of £649,105. He adds that this growth should be maintained in the short term as the current order situation is satisfactory, and anticipates a substantial improvement for the full year. In 1979, pre-tax profits totalled £1.25m.

After six months' tax of £341,450 (£314,108), stated earnings per 25p share are up from 6.67p to 7.19p and the interim dividend is increased to 2.32p (2.211p) net, absorbing £102,886 (£96,191). Last year's final was 4.369p.

● comment

By comparison with the last 24 weeks of 1979, when profits amounted to £478,000, Kode International has chalked up 38 per cent growth in the equivalent number of weeks this year. The shares responded with a 5p rise yesterday to 273p, back within a couple of points of the annual peak. There is little need to suppose, if Kode is anything to go by, that the build-up positions in the electronic components sector have any pressing need to unwind. The group is talking confidently of further growth in the second half on the back of a strong order book and, although margins are tightening as more capacity comes on to the market place, turnover is set to top £10m this time with something to space. The additions to its plant Kode is now putting in are designed to boost Kam's capacity to take on larger jobbing orders while Moore Reed is expanding to reduce its dependence on outside component manufacture. These two projects alone will cost about £500,000 but Kode remains confident that cash flow will be positive again this year. The point is, however, that the group is now looking for stability in the order intake from next year onwards as long as the recession lasts and the shares are discounting over 15 years of maintained earnings on last year's historic and reported basis. That may be asking a lot of technical innovation and management succession in a fast-changing environment but no more than the City has come to expect.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
British Assets Tr 3rd int.	0.9	—	0.7	—	3.1‡
Erskine House Invst. ...	1.18	Oct. 10	1.44	2.18	2.18
Fife Forge ...int.	1	Oct. 1	0.8	—	3.3
Hill & Smith ...int.	1	Oct. 6	0.9*	—	3.18*
ICI ...int.	12	Nov. 11	12	—	23
Kode International int.	2.32	Dec. 4	2.21	—	6.58
Lec Refrigeration ...int.	1.49	Oct. 11	1.35	—	3.7
Mixconcrete ...int.	1.55	Oct. 20	1.55	—	4.05
Pearl Assurance ...int.	7**	Oct. 10	5	—	17
H. & J. Quick ...int.	0.53	Oct. 13	1.06	—	2.29
Refuge Assurance ...int.	3.9	Nov. 7	3.4	—	10.6
Rowan Group ...int.	4.8	—	3.2	—	5.33§
Scot. Agricultural ...int.	5.75	Nov. 3	5.75	—	14.75
Sharpe & Fisher ...int.	0.55	Nov. 5	0.5	—	1.75
Somportex Holdings ...	5.63	Oct. 17	4.5	5.63	4.5
Stoddard Holdings ...	Nil	—	0.86	0.56	1.39
Yorkshire Chems. ...int.	Nil	—	2.4	—	4.85

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes non-recurring payment of 0.3p. § For 8 months. ** Increase to reduce disparity between interim and final.

Deborah nears £1.5m with 24% rise

DESPITE DIFFICULT conditions with increased competition in the industry, Deborah Services, scaffolding contractor and insulation engineer, reports an increase of 24 per cent from £1.21m to £1.49m in pre-tax profits for the year to March 31, 1980. There was a 55 per cent increase in turnover from £13.6m to £21.07m.

The scaffold contracting division has continued to maintain the improvement shown last year and the company has obtained many valuable long-term contracts which should enable the division to preserve its share of profits during the current year, says Mr. A. L. Britton, the chairmao.

Excellent profits were earned by the building equipment division, which is now better placed geographically to take advantage of the increased hire business available in the building industry.

After its disappointing results in 1979, the insulation division is returning to its previous profitability and a new company has been formed to take advantage of the current workload connected with North Sea oil.

The company's development of fluidised bed furnaces continues and it has just completed its first installation. Depending on satisfactory completion of trials, it is anticipated that further orders for this type of plant will follow.

He says the high point of recession has not yet been reached, but he considers that the group is better placed than most to overcome any difficulties and still remain poised for any upturn in the economy.

After tax down from £712,000 to £296,000, stated earnings per 5p share are 20.2p (19.4p). The final dividend is 2.79p making a net total of 3.85p on the capital as increased by the rights issue and the conversion of the loan stock. The comparable dividends for 1979 adjusted on the same basis were 2.72p.

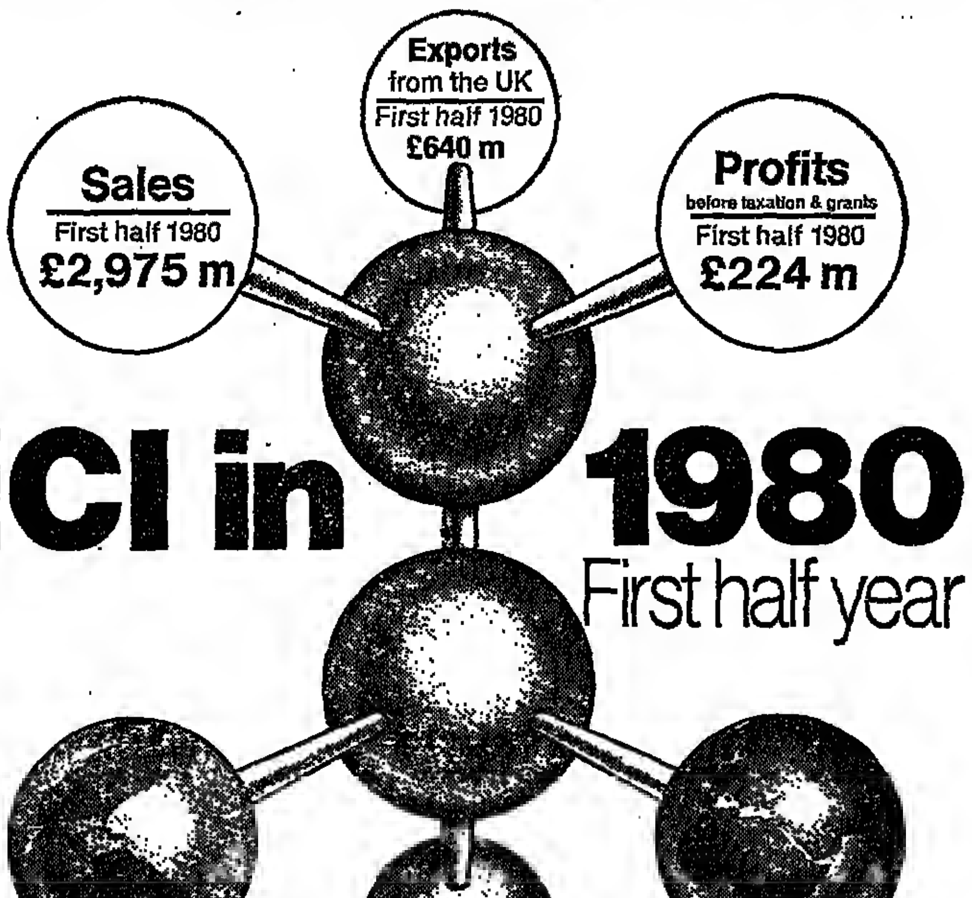
The company's shares are traded on the market made by M. J. H. Nightingale and Co.

SPAIN

August 28	Price %	+ or −
Banco Bilbao	226	−2
Banco Central	252	−2
Banco Exterior	208	−2
Banco Hispano	223	−2
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	279	−2
Banco Urquijo	141	
Banco Vizcaya	236	−2
Banco Zaragoza	215	
Dragados	112	+2
Espanola Zinc	72	+1
Fecsa	62.50	−0.50
Gal. Preciados	31.50	+1.50
Hidrola	67.20	
Iberduero	64	
Petroleos	109	−1
Petrolibor	87	
Sogefisa	107	
Telefonica	60	−1.50
Union Elect.	67.70	−0.30

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	330	30	—	48	1	68	—	342p
BP	360	16	17	34	—	42	—	"
BP	390	6	6	21	—	—	—	"
Com. Union	130	35	5	38	—	—	—	160p
Com. Union	160	7	3	16	—	28	—	"
Com. Union	180	2	10	7	—	11	—	"
Cons. Gold	500	55	—	76	1	95	—	530p
Cons. Gold	550	28	1	48	—	65	—	"
Cons. Gold	600	12	5	27	—	—	—	"
GEC	500	67	6	52	80	74	—	469p
GEC	550	6	63	30	2	48	—	"
Grand Met.	120	44	2	49	—	—	—	160p
Grand Met.	140	24	2	32	—	38	—	"
Grand Met.	160	8½	30	18	—	23	—	"
ICI	330	28	7	40	3	—	—	350p
ICI	360	11	40	24	—	30	14	"
ICI	390	4	6	12	—	21	—	"
ICI	420	1	8	—	—	—	—	"
Land Secs.	353	25	15	37	16	—	—	358p
Land Secs.	390	8	—	20	—	34	15	"
Marks & Sp.	100	7	38	11	—	15½	—	99p
Marks & Sp.	110	3½	—	7	25	11	—	"
Shell	420	18	6	34	—	44	—	411p
Totals			260		67		89	
		November		February		May		
Imperial Gp.	80	6½	24	8	—	10	—	81p
Imperial Gp.	90	2½	25	5	—	6	—	"
Lonrho	84	15	11	18	—	—	—	90p
Lonrho	90	—	—	—	—	20	10	"
Lonrho	94	9	2	10	4	17	—	"
Lonrho	100	—	—	—	—	13	1	"
Lonrho	104	6	74	9½	2	—	—	"
Lonrho	114	3	6	6½	—	—	—	"
P. & O.	130	10½	22	15	3	18	—	129p
P. & O.	140	5½	16	10	15	12	—	"
Racal Elec.	280	39	2	54	—	65	—	295p
Racal Elec.	300	27	31	40	—	53	3	"
Racal Elec.	330	16	33	27	—	28	—	"
RTZ	460	37	3	60	—	76	2	460p
RTZ	500	15	6	38	1	56	—	"
Totals			254		61		16	



The Board of Directors of Imperial Chemical Industries Limited announce the following unaudited trading results of the Group for the first half year of 1980, with comparative figures for 1979.

1979 First Half £ millions	1979 Year £ millions		1980 First Half £ millions
		Sales to external customers	
1,050	2,232	United Kingdom	1,269
1,517	3,136	Overseas	1,706
2,567	5,368	Total	2,975
260	560	**Profit before taxation and grants**	224
		After providing for:	
118	248	Depreciation	141
29	34	Exchange loss on net current assets of overseas subsidiaries	21
−53	−104	Taxation less grants	−56
207	456	**Profit after taxation and grants**	168
−8	−25	Applicable to minorities	−13
199	431	**Profit applicable to Parent Company**	155
−21	−16	Extraordinary items	−4
178	415	**Profit applicable to Parent Company after extraordinary items**	151
34.8 pence	74.7 pence	Earnings before extraordinary items per £1 Ordinary Stock	26.5 pence

Sales in the second quarter (1,452m) were £71m below those achieved in the first quarter 1980. This was mainly due to sales volume reductions in both chemicals aod oil. The f.o.b. value of exports from the UK was £291m compared with £349m in the first quarter 1980.

Profits in the second quarter were sharply reduced as a result of the severe deterioration in trading conditions in the UK, Continental Western Europe and the United States, which began early in the quarter, and further deterioration continues. It has affected volumes and profit margins for both home and export sales especially in Petrochemicals, Plastics, Fibres and Dyestuffs.

The Company's oil business (including its share in the Ninian oilfield) produced trading profits amounting to £29m, after Petroleum Revenue Tax of £13m.

The following table summarises the quarterly sales and profits:

	Group sales £m	Group profit before tax: Excluding Exchange gain/loss £m	Exchange gain/loss £m	Total £m
1979				
1st Quarter	1,185	107	−9	98
2nd Quarter	1,382	182	−20	162
3rd Quarter	1,326	155	—	155
4th Quarter	1,475	150	−5	145
Year	5,368	594	−34	560
1980				
1st Quarter	1,523	156	−4	152
2nd Quarter	1,452	89	−17	72

The charge for taxation less grants for the first half of 1980 amounting to £56m (1979 £53m), consists of £32m of UK corporation tax (1979 £26m), £29m overseas tax (1979 £31m) and £6m on the profits of principal associated companies (1979 £7m) less a credit of £11m for Government grants (1979 £11m).

Interim Dividend for 1980

The Board has declared an interim dividend of 12.0 pence (twelve point naught pence) per £1 unit of Ordinary stock of the Company in respect of the year 1980 (1979 12.0 pence). This together with the imputed tax credit of 5.14 pence is equivalent to a gross dividend of 17.14 pence (1979 17.14 pence).

The interim dividend now declared will absorb £71m and is payable on 11 November 1980 to Ordinary stockholders registered in the books of the Company on 30 September 1980.

Trading results for first nine months of 1980 will be announced on Thursday 27 November 1980.

Monk has construction ideas

"The main rail line on which Monk is currently engaged is scheduled for completion in 2½ years time."

Constructing the East Coast Main Line round the Selby Coalfield takes time. Valued at just under £30 million this contract is just one of many major projects currently in hand by this national contractor.

The Annual Report reveals a £88.2 million turnover, including contracts for I.C.I., Courtaulds, Phillips, Unilever and other major clients, both in the private and the public sector.

It takes a resourceful company to construct multi-million pound projects and its diverse activities include the new Monkradle Engineering division.

- Copies of the Annual Report and Accounts are available from the Company Secretary, A. Monk & Company Ltd., P.O. Box 43, Warrington, Cheshire, WA1 4JB.

Monk Civil Engineering and Building Contractors.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	52	Airsprung	52	—	8.7	12.8	3.1†
50	21	Armitage and Rhodes	21	—	3.8	18.1	1.4†
170	92½	Bardon Hill	170	—	9.7	5.7	8.4†
100	74	County Cars 10.7% Pf.	74	—	15.3	20.7	—
101	63	Deborah Ord.	98	—	5.0	5.1	10.7
125	88	Frank Horsell	125	—	7.9	6.3	3.9†
129	68	Frederick Parker	68	—	11.0	16.2	3.1†
158	88	George Blair	88	—	18.5	18.7	—†
84	45	Jackson Group	82	—	8.0	7.3	3.1†
153	103	James Burrough	121	—	7.9	8.5	8.9
305	242	Robert Jenkins	305	—	31.3	10.2	—†
232	175	Torday	220	—	15.1	6.9	3.7†
34	10	Twinlock Ord.	12¾	−¼	—	—	—†
90	70	Twinlock 15% ULS	12¾	−¼	—	—	—†
56	23	Unilock Holdings	48	—	3.0	8.3	7.4†
50	45	Unilock Holdings New	48	—	3.0	6.3	7.4†
100	42	Walter Alexander	100	+1	5.7	5.7	5.5†
245	136	W. S. Yeates	245	—	12.1	4.9	4.0†

† Accounts prepared under provisions of SSAP 15.

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ICI profit slumps to £72m in second quarter

SECOND quarter profits before tax of Imperial Chemical Industries fell sharply from £162m to £72m, reducing the total for the first half of 1980 from £260m to £224m.

However, the interim dividend is held at 12p per £1 share. The total last year was 23p on pre-tax profits of £560m.

The directors say the drop in second quarter profits resulted from a severe deterioration in trading conditions in the UK, Western Europe and the U.S., which began early in the quarter and further deterioration continues.

"It has affected volumes and profit margins for both home and export sales, especially in petrochemicals, plastics, fibres and dyestuffs."

Sales in the first half rose from £1.05bn to £1.27bn in the UK and from £1.52bn to £1.71bn overseas, lifting the total from £2.57bn to £2.98bn.

First half profit is after depreciation of £141m (£118m) and exchange losses on net current assets of overseas subsidiaries of £21m (£29m).

The group's oil business, including its share in the North Sea Ninian oilfield, produced trading profits amounting to £29m after PRT of £13m

The charge for tax less grants for the first half year, amounting to £56m (£53m), consists of £32m of UK corporation tax (£26m), £29m overseas tax (£31m) and £6m on the profits of principal associated companies (£7m) less a credit of £11m for Government grants (same).

Stated earnings per share are 26.5p (34.8p).

Results for the first nine months this year will be announced on November 27.

Sir Maurice Hodgson, chairman of ICI . . . recession has bitten into second-quarter results.

Lex, Back Page

Scottish Agricultural edges up

WITH increased sales offsetting higher costs but failing to match inflation, pre-tax profits of Scottish Agricultural Industries, fertilisers and feedstuffs subsidiary of Imperial Chemical Industries, rose only marginally from £1.7m to £1.8m for the six months to June 30, 1980.

And with the general economic climate reflected in the new fertiliser trading season, the directors say that the 12-month profit will fall short of last year's record £5.8m.

The interim dividend is maintained at 5.75p net. Last year's total was 14.75p.

Sales in the half-year rose from £38.7m to £41.9m and profit after taxation—unchanged at £800,000 — moved up from £900,000 to £1m.

Chairman, Mr. B. Appleton, told the annual meeting last March that the large increases in sulphur and phosphate rock prices at the beginning of 1980 might be offset to some extent by the strength of sterling but would put considerable pressure on maintaining margins in a highly-competitive business.

● comment

First-half results from Scottish Agricultural Industries reflect the reasonable conditions prevailing in the last "farming year." The current farming year, which started in June, is proving to be much weaker. Cash-squeezed farmers are holding back on fertiliser purchases and SAI fears they will be equally tight-fisted later in the year when it comes to buying seed and other crop chemicals. Meanwhile, the costs of ammonia, phosphate and sulphur continue to rise and the company anticipates a smaller profit than the £5.8m before tax earned last year. A good guess might be £5.3m. That would leave the shares, down 2p to 188p yesterday, on an undemanding six times fully taxed earnings. Following an unchanged interim dividend, the final might look a bit precarious if it were not for the group's strong balance sheet and ICI's large interest and involvement. On a maintained final, the prospective yield is 11.7 per cent.

ASSOCIATE DEAL

On August 27 last, S. G. Warburg, as an associate of Costain Group, bought on behalf of a discretionary investment client, 25,000 ordinary shares of 25p of Costain Group, at 184p each.

Stoddard falls to second half loss and omits final

SECOND-HALF losses of £284,000 compared with profits of £339,000 have left the pre-tax surplus of Stoddard Holdings, carpet manufacturer, well down at £86,000 for the year to May 31, 1980 against £765,000. Midway profits were down from £426,000 to £370,000.

The directors are omitting the final dividend, and the interim of 0.556p represents the total for the year, compared with 1.3896p in 1978-79.

Demand has eased both in Europe and America, they state, and may well remain depressed for some time ahead. The home market remains highly competitive, with demand at a lower level than a year ago, and it has not been possible to maintain full-time working. But they have reasonable hopes of increasing the group's share of the total British carpet market.

The surplus this time is struck after exchange losses of £222,000 (£261,000) and finance charges of £625,000 (£454,000) but before tax credits of £84,000 (£7,000). Sales rose marginally to £23.85m (£23.1m).

An extraordinary debit of £107,000 comprises redundancy and closure costs resulting from the shutdown of the Galashiels mill of £222,000 less deferred tax relief of £115,000.

Earnings per share are shown as 2p, down from 9.5p.

The flood of low-quality American imports, largely resulting from subsidised American material and power costs, meant the production programme for the Lyle's tufted plant had to be replanned, states Sir Robert A. Maclean, chairman. This replanning, and clearing stocks adversely affected by these imports, cost some £250,000.

Tufted turnover is now rising steadily, he adds, and last year's tufted losses should not recur.

To assist export sales which fell largely because of the strength of sterling, prices in overseas markets had been held or only moderately increased. But there are obvious limits to such a policy, points out the chairman, and the Canadian associate company was closed and representation in some other overseas markets severely curtailed.

● comment

Yesterday's grim figures from Stoddard pushed the "A" shares down 2p to 18p, well below par value and within a whisker of their 1980 low. The second half showed a pre-tax loss of £284,000 and the dividend omission indicates that little better is expected in the current year. Even after extensive price cutting, sales are stagnant and most short-term hopes must be pinned on the tufted carpet business moving into profit. Reorganisation and stock clearance carved £250,000 out of the revenue account last year but the effect has been to move the operation out of the bottom end of the market, where U.S. competition is particularly fierce. Recovery in the Axminster and Wilton business must await a further fall in interest rates and a weakening in sterling, but the current shrinkage in industry capacity should rebound to Stoddard's benefit in the long run. The p/e of 9 on reported earnings is certainly discounting a measure of improvement. In the meantime, interest will focus on the intentions of Hampton, the mysterious Panamanian company which has taken a 12 per cent stake in Stoddard's voting stock. As the majority of voting shares are controlled by family interests, Hampton's motives are a shade obscure.

Rohan earns and pays more at interim stage

TAXABLE PROFITS of *Rohan Group*, the Irish-based industrial estate developer and building contractor, rose in the half-year to June 30, 1980, to IR£1.71m compared with £802,000 for the six months to April 30, 1979. The results are not directly comparable owing to a change in the company's year-end date from April 30 to December 31.

Turnover for the period came out at £12.33m (£9.63m). The interim dividend is raised from 3.2p to 4.8p net—an effective increase of 50 per cent. Last time a final of 2.13p was paid in the eight months period.

The directors say that having regard to the current workload, and barring unforeseen circumstances, second-half profits will be greater than those earned in the first half.

They say that the continued growth in profits reflects the broadening base of activities in both Ireland and the UK.

The group has continued its policy of building up its portfolio of investments in industrial buildings. The 1980 annual report will incorporate a market valuation of these investments which it is anticipated will show a substantial surplus. The liquidity position remains satisfactory.

After six months' tax of £428,000 (£319,000), earnings per 10p share are shown as 22.7p, against 8.6p as April, 1979.

Witan Inv. over £1m in first quarter

Net revenue after tax of Witan Investment Company rose from £888,420 to £1,003,241 in the three months to July 31, 1980, and stated earnings per 25p share are higher at 1.16p compared with 1.05p. Gross income fell from £2.33m to £1.85m.

Tax charged was up from £525,309 to £508,015, but interest charges and expenses were considerably lower in the first quarter at £266,403 against £911,470.

Net asset value per share, after taking currency loans and prior charges at par, is 148.1p (118.7p) and at market value 152.9p (123.7p).

Sharpe & Fisher reach £581,000

ON SALES up from £10.3m to £13.03m, taxable profits of builders' merchant Sharpe and Fisher rose in the six months to June 30 to £581,000, compared with last time's £473,000.

The chairman says that the satisfactory results were mainly due to the first quarter sales which were well ahead of 1979 when building activity was depressed by bad weather.

He warns, however, that trade is currently at a lower volume level than last year and all economic signs point to difficult times ahead. This, he adds, makes it unwise to forecast results for the year, but the board is making every effort to capitalise on sales opportunities and to combat ever increasing costs.

Tax for the six months rose from £159,000 to £194,000 and the interim dividend is increased fractionally to 0.55p net (0.5p) —last year's total was 1.75p from pre-tax profits of £473,000.

Rothmans of Malaysia

Rothmans of Pall Mall (Malaysia) increased its pre-tax profits by 20 per cent to 23.9m ringgits in the year to June 30, 1980.

Turnover of the company, 50 per cent owned by Rothmans International of the UK, rose by 21 per cent to 333.8m ringgits.

Somportex more than doubled

Taxable profits of Somportex Holdings, distributor of confectionery, groceries and delicatessen products, more than doubled in the year ended April 30, 1980, finishing at £359,327 against £175,918. The annual dividend is stepped up from 4.5p to 5.625p net.

Sales rose from £3.97m to £5.54m and earnings per share, after tax of £181,721 (£103,252) are shown up from 10.38p to 25.37p.

Despite being a depressed sector of industry, the sugar and confectionery side made a fair contribution, say the directors, with the Slush Puppie line consolidating its hold nationally and showing scope for continued growth.

Erskine House sees upturn

A FALL of £89,752 to £46,044 in pre-tax profits is reported by Erskine House Investments for the year to March 31, 1980. Turnover rose from £12.53m to £14.56m. At halfway, the pre-tax figure was £162,135 compared with £115,291.

The profit is after start-up costs in the new Erskine Uvasun division, which resulted in losses of £51,578, and exceptional costs of £18,459 incurred during the refurbishment of the head offices. This necessitated the removal of staff into temporary premises resulting in additional expenses totalling £18,459.

The group's Bureau de Change division was the only one to show a profit and this amounted to £180,638 (£180,280). But Security Services dropped further behind with a loss of £52,803 (£30,692). Other divisions reduced their losses to £11,754 (£13,792).

The Board says that while it is difficult to predict the outcome for the current year, trading to date and the potential of the subsidiary companies give it confidence that good progress will be made, and a considerable improvement in profits will be achieved this year.

Profits so far achieved by the Security Services in the first six months of the current year should very largely recoup the losses now reported.

There was a tax credit this time of £24,983 (debit £4,805), leaving net profits down from £130,991 to £71,027. The final dividend is cut from 1.438p to 1.18p for an unchanged total of 2.18p.

LYDENBURG PLATINUM LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO SHAREHOLDERS

In terms of the Regulations of the Stock Exchange, shareholders are notified that the Board of the Company has been reconstituted and that Mr. F. J. Davin (chairman), Mr. E. P. H. Bieber, Mr. B. R. Bradford, Mr. W. Langley, Dr. J. C. van der Horst and Mr. R. E. J. Langford have been appointed as the new Board of Directors of the Company.

The attention of shareholders is also drawn to the fact that the Company's registered office in the Republic will be changed to Mutualpark, Pinelands, 7405 and its postal address to P.O. Box 66, Cape Town, 8000, with effect from 1st September, 1980. The Company will, furthermore, cease to have a London Office from that date.

The existing Share Transfer Secretaries, both in Johannesburg and in London, will continue in office.

JOHANNESBURG
29th August, 1980.

Letraset

Profits and Dividends Up

Profits before tax were up 15% at a record £12.1 million despite the significant adverse impact on group profits of the strength of sterling. Total dividends rose by 10%.

Strength of Balance Sheet

Equity base increased by £9 million. Total borrowings reduced from £10.6 million to £8.1 million.

Excellent Performance in Graphics

Graphics division reported a 19% increase in profits. At constant exchange rates, profits increase would have been over 25%. Sales in the Graphics Division remain firm.

Other Divisions

Performance of Stanley Gibbons Division (dealers in rare stamps and other collectables) was affected by worsening economic climate. Investment has been increased to support identified areas of expansion and to expand Stanley Gibbons' influence in international markets.

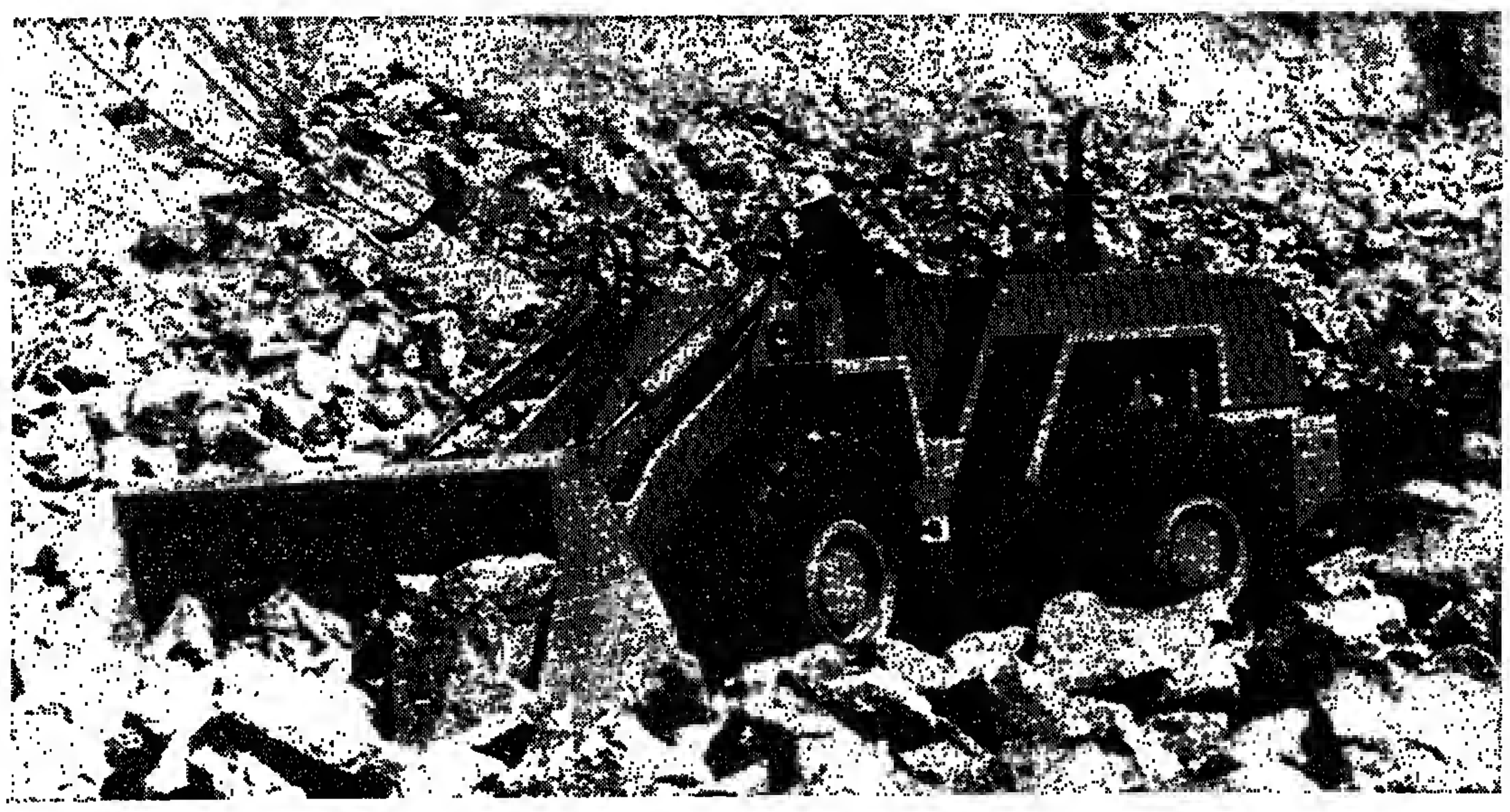
Leisure Products Division had a difficult year but tight control of overheads minimised impact on profit.

Prospects

We have strong management and an improved financial position and feel that we are well positioned to cope with the adverse effects of recession.

Copies of the Report and Accounts are available from The Secretary,

Letraset Limited,
7 Apple Tree Yard, London SW1Y 6LD



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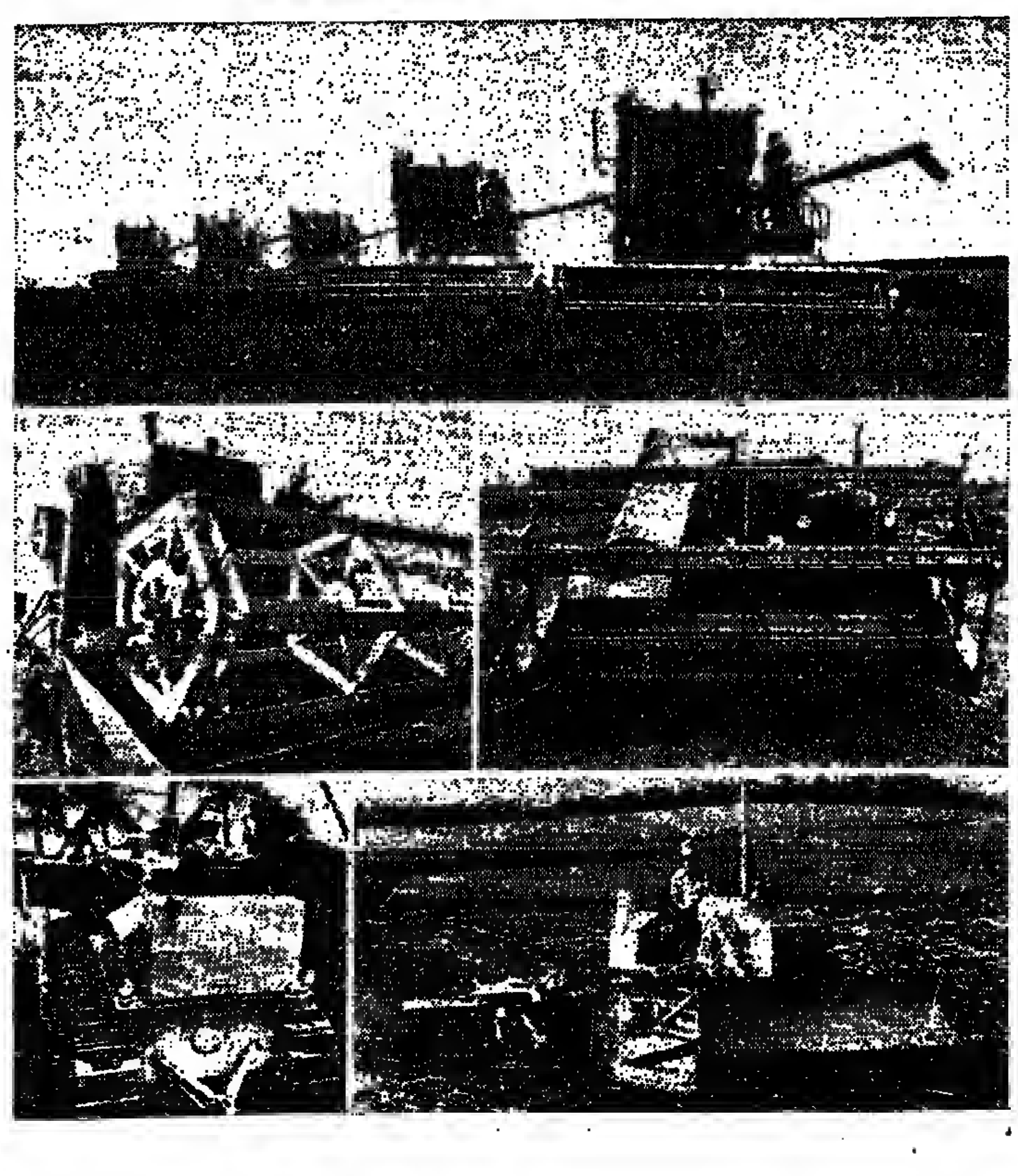

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PSIT Property Security Investment Trust Limited

Property Income Up **Scrip Issue**

Extracts from the statement by the Chairman, Mr. A. R. Perry.

- Net property income has risen from £3.28 million to £3.75 million.
- Profit before tax rose from £360,000 to £865,000.
- Further lettings at Newcastle, Goole, Broadheath and Manchester.
- Pre-let developments in Aldershot well under way.
- Planning permission for warehousing and offices in Dublin.
- Group has adequate financial facilities.
- *Scrip issue 1 for 4 ordinary shares.*

Results for the year ended 31st March 1980

£'000s	1980	1979	1978
Rents receivable	4,302	3,735	3,177
Net property income	3,746	3,282	2,771
Surplus before tax and extraordinary items	865	360	(77)
Ordinary dividend per share	1.8p	1.6p	*1.3933p
Share capital and reserves	37,110	34,972	16,267

*Adjusted for scrip issue

Copies of the complete Report and Accounts may be obtained from the Secretaries, W. H. Stentiford & Co., 1 Love Lane, London EC2V 7JJ.

Victor

Victor Products (Wallsend) Ltd. Annual Statement

Year ended 30th April	1980 £	1979 £
Turnover	11,656,[illegible]	10,216,000
Pre-tax profit	1,746,341	1,588,887
After tax profit	1,443,881	1,389,371
Dividends		
Preference Shares paid	76,461	37,917
Ordinary Shares		
Interim paid	114,692	56,811
Final proposed	210.269	229.384
Earnings per share	17.88p	17.67p

An interim dividend of 1.5p per share was paid on 7th April, 1980. The proposed final dividend of 2.75p per share will be paid on 8th October, 1980. With tax credit the dividend for the year is equivalent to 24.28% gross (21.38% gross last year).

The Annual General Meeting will be held on the 8th October, 1980.

Copies of the Annual Report and Accounts may be obtained from the Secretary at P.O. Box, Wallsend, Tyne & Wear NE28 6PP, from 15th September 1980.

MINING NEWS

Homestake finds gold in California

BY GEORGE MILLING-STANLEY

AMERICA'S LARGEST gold producer, Homestake Mining, for long dependent on the original Homestake property in the Black Hills of South Dakota for the bulk of its gold income, has at last begun to reap the benefit of a major expansion in its exploration activity.

The company has discovered gold in significant quantities in California, with an estimated annual output of a minimum of 100,000 ounces of fine gold over at least the next 10 years.

While this mine is smaller than the original Homestake discovery near Dakota's Bobtail Gulch, which last year produced 246,000 ounces, it will provide a significant boost to California's current annual output of less than 7,000 ounces.

Mr. Harry M. Conger, president and chief executive of Homestake, said yesterday that there are at least 1m ozs of gold at the new discovery, and the mine's life may well exceed current estimates of around 10 years.

Based on results from 63 holes drilled, the deposit, 70 miles north-west of Sacramento, contains in excess of 6m tonnes of ore with an average grade of more than 5 grammes of gold per tonne.

The deposit is in the northern part of Napa County, in a remote area where mining operations have been carried out intermittently over the past 100 years, but where gold has not so far been produced.

Ironically, the area was by-passed during the California Gold Rush of 1849 because it was considered unpromising. The gold is in finely disseminated particles which are not visible to the naked eye and cannot be panned.

Homestake expects the mine and mill to be in operation by 1984. The deposit will be mined by surface methods, which Mr. Conger said would be relatively inexpensive. "We are looking at mining costs of $10 to $15 a tonne, and milling costs of $6 to $8," he said.

The gold in the property is owned entirely by Homestake, with a small cash amount due to various landowners in royalties.

The deposit is still open on several sides, and Homestake said that drilling is continuing to determine the full extent of the discovery.

Pahang in bid for Tanjong

AS EXPECTED, the Malaysian tin producer Pahang Consolidated has emerged as the counter-bidder for Tanjong Tin Dredging. Pahang, which already owns 430,000 shares, or 29.8 per cent, of Tanjong, is to offer 115p in cash for all of the shares it does not already own. This values Tanjong at £1.66m.

Pahang said yesterday that if the offer is successful, it will maintain Tanjong's present business and develop it. The acquisition will also help Pahang to expand its own mining operations.

The stake in Tanjong was originally acquired in 1978 from Faber Union for a consideration of around £450,000.

Tanjong's shares were suspended in London for a week earlier this month after the company's announcement that it was involved in negotiations which could lead to a takeover.

The London listing was restored when Tien Ik Enterprises, a Malaysian company controlled by the David Kuok family interests, revealed that it had increased its stake in Tanjong.

After relisting, Tanjong's shares moved up to a price of 125p on speculation of a counter-bid. They were again suspended in London on Tuesday morning when Tanjong told the Kuala Lumpur exchange that further negotiations were taking place which might lead to a counter-offer.

Pahang's offer is subject to all necessary regulatory consents in the UK and Malaysia.

Baring Brothers, the London merchant bank advising Pahang, said yesterday that it was satisfied that Pahang had sufficient resources to implement the offer, which would cost the company £1.2m in cash in the event of full acceptance.

Tanjong's London listing was restored yesterday, and the shares closed at 115p. Pahang closed at 40p.

White wins battle with Bond

THE LONG-RUNNING battle for control of the New South Wales coal producer White Industries has ended in victory for the White camp. The interests associated with Mr. Alan Bond, the Western Australian businessman, have capitulated and sold to associates of White, including the White family and Mitsubishi of Japan, reports James Forth from Sydney.

But the White camp has paid dearly for its victory, with the Bond group making a pre-tax profit on its investment of around A$40m (£20m). Consolidated Press Holdings, Mr. Kerry Packer's group, which was involved in the early stages of the struggle, has already made a profit of A$10m on the sale of its 26 per cent stake in White to the Bond group.

The battle broke out late in January, when the White share price jumped from A$8 to A$30 in just three days. The Bond group later revealed that it was the buyer, and made a partial offer for control through Endeavour Resources, one of the companies in the group.

The White camp promptly mounted a defence operation, and both groups ended up with around 50 per cent of the equity. This led to a number of legal actions, one of which was still under way when the parties finally hammered out an agreement. All of the legal actions are to be discontinued.

Endeavour has agreed to sell its 4.2m shares in White, representing 44 per cent, for A$18.75 a share, a total of almost A$79m.

Endeavour acquired its holding for an average price of A$11.19 a share, and the deal thus gives it a profit of A$32m. Some 22 per cent of the Endeavour stake was bought from Bond Corporation, which made a profit of about A$10m on the sale. This means that the overall profit of the Bond group from the various transactions was around A$40m.

Under the terms of the final settlement, the Endeavour stake will be bought by a "resident Australian individual," believed to be Mr. J. McGuigan, a solicitor and Mitsubishi's representative on the White board. The shares will ultimately be placed with long-term investors in Australia.

The funds for the purchase will be lent by associates of the White family.

Mitsubishi, which has already provided much of the finance for the White group's defensive operation, is expected to play a significant part in financing the purchase of the Endeavour stake. The Japanese company has a 40 per cent interest in White's major asset, the Ulan coal project in New South Wales.

MIM profits almost doubled

HIGHER WORLD metal prices boosted net profits of MIM Holdings, the Queensland base-metals producer, for the year to June 30 to a record A$203.5m (£101.75m), almost double the previous year's level.

Sales were also at record levels, rising by 52.6 per cent to A$846m.

Earnings came out at 57 cents a share compared with 35.9 cents, and the company is raising the total dividend for the year to 30 cents a share from 17 cents with a final of 18 cents on increased capital.

MIM said yesterday that it had received higher prices for all of the minerals it produces, with silver particularly strong. Silver sales fell by 17.4 per cent to what MIM called a more normal level of 414,883 kilos, compared with 502,307 kilos in 1978-79.

The volume of copper sales rose by 13 per cent to 160,422 tonnes from 141,914 tonnes, mainly as a result of increased sales of unrefined copper and copper concentrates.

Lower production and deliveries of zinc during the second half cut full-year sales volume by 16.2 per cent to 85,964 tonnes from 102,546 tonnes the previous year.

Lead sales were steady at 144,746 tonnes compared with 145,258 tonnes, while the company's 40 per cent share of nickel sales from the Agnew operation reached 2,169 tonnes against just 216 tonnes last year.

Iron ore sales from MIM's 20 per cent share of the Goldsworthy mine dropped by 10 per cent to 1.16m tonnes as a result of three cyclones which swept the north-west coast of Western Australia early this year.

Coal sales were down to 625,315 tonnes from 825,417 tonnes following industrial disputes.

MIM pointed out that consumption and production of refined copper were closely in balance during the year, and stocks were unchanged, while refined lead stocks rose as a result of a combination of lower consumption and maintained production.

Consumption of zinc metal fell, but this was offset by a fall in output, while the growth in nickel production outstripped the increase in consumption and stock levels rose.

MIM was not prepared to make any prediction of the likely outcome for the current year.

ANGLO REOPENS SIMMER & JACK

South Africa's Anglo American Corporation has definitely decided to go ahead with plans to re-open the long-abandoned Simmer and Jack gold mine near Johannesburg. Anglo recently completed a study of the feasibility of exploiting the surface waste dumps and underlying gold-bearing reefs, and said yesterday that mining work will concentrate initially on the shallow Kimberley Reef. Details of a tribute agreement with Simmer and Jack are to be released shortly.

OIL AND GAS NEWS

Rundle twins propose nine for one scrip issue

Central Pacific Minerals and Southern Pacific Petroleum, joint owners of the huge Rundle oil-shale deposits in Queensland Australia are proposing a scrip issue of nine shares for each share currently held in each company.

The issue will apply equally to both fully paid and partly paid stock in each company. An extraordinary general meeting is to be called to approve the issue.

In a joint statement to Australian stock exchanges the companies said that the current share prices of both CPM and SPP are substantially above the levels common to most Australian companies and that Australian stock exchange limitations on small parcel dealings has disadvantaged small Australian investors.

In order to facilitate the scrip issue reserves of each company will be revalued by A$110m to create a revaluation reserve from which the issue will be made.

The revaluation is to enable the issue to be made and does not reflect the full value of the Rundle deposits, the statement said. Reserves at Rundle are estimated at 2bn barrels of oil.

At present SPP's share capital comprises 17.83m fully paid 50 cents ordinary shares and 4.12m shares paid to 25 cents. CPM has 6.33m fully paid shares in issue and 1.36m shares paid to 25 cents.

In July America's Exxon Corporation signed a heads of agreement with CPM and SPP to construct a pilot-plant to produce 15,000 to 18,000 barrels of oil a day by treating 25,000 tonnes of oil-shale. The pilot-plant is expected to begin production in 1985 and operate for two to three years before a decision is made as to the optimum production method. The aim of the project is to produce 180,000 to 240,000 barrels of oil a day—the current level of Australia's crude oil imports.

Exxon will pay at least U.S.$500m, even if the project ultimately fails to justify full-scale development, and is prepared to spend U.S.$13bn to U.S.$16bn if Rundle goes into full production.

Widespread rumours circulating in the London market, that CPM and SPP would simply organise a stock split foundered in the face of a Sydney Stock Exchange regulation to the effect that shares with a nominal value of less than 20 cents would not be listed.

* * *

FURTHER TESTING of the Ben Nevis 1-45 step-out well on the Grand Banks, 200 miles east of St. John's Newfoundland, has proved disappointing, but industry analysts say only a small part of the most promising potential pay-zone has been tested, reports Robert Gibbens from Montreal.

Ben Nevis and Hibernia are two potentially commercial east coast oil structures, together believed to contain reservoirs of 2bn barrels or more.

Mobil Canada, operator for a group backing the 1-45 well, said a final test in the deeper zone of interest from 4,112 to 4,119 metres showed no oil.

Relatively small amounts of oil and gas flowed from several tests between 2,377 and 2,894 metres. Further tests are planned between 2,377 and 2,432 metres.

The participants in the well are Mobil, 56.25 per cent, Petro-Canada, 25 per cent, and Gulf Canada with 18.75 per cent.

* * *

Australia's Endeavour Resources reports that drilling of the Paroo-1 exploratory well in ATP-232P in Queensland has commenced. The well has a scheduled target depth of 2,800 metres and drilling to this depth is expected to take around 45 days.

Australian Aquitaine, the operator, has a 30 per cent interest in Paroo-1. CSR has 17 per cent, Bow Valley, Endeavour, Oilmin and Target 10 per cent apiece, Cliff Oil (Australia) 5 per cent and Timor Oil and Moonie 5 per cent each.

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Upturn at Lec Refrigeration

FROM increased turnover of £15.69m against £14.48m, profits before tax of Lec Refrigeration rose from £802,000 to £1.22m in the first six months of 1980.

The interim dividend is being raised from 1.35p to 1.485p—the total last year was 3.7p from pre-tax profits of £1.62m.

First half tax charge is £633,000 (£417,000), giving earnings per 25p share of 9.67p compared with 6.37p in the same period last year.

● comment

The first half of this year could hardly have been more difficult for domestic appliance producers with falling demand compounded by a strong pound and cut-throat foreign competition, in particular from Eastern Europe. So Lec's achievement in pushing up profits by a half and increasing margins to 7.8 per cent is a remarkable one. Admittedly, yesterday's figures compare with an unusually poor first half in 1979 and the group has the benefit of sizeable cash balances (£634,000 in the last balance sheet). Even so, it is exceptional in keeping plants running at full stretch and being able to increase exports from 12.7 to 22 per cent of sales — compensation for a slight loss of market share at home. The explanation lies partly in cost control — the company negotiated a modest 10 per cent wage rise last November. In addition, it launched two successful fridge freezer models at the end of last year. The past two months have been more difficult and Lec has been obliged to cut prices on some models, which will undoubtedly affect second half margins. The company could still make around £2.2m for the year which, with the shares up 2p at 78p yesterday, produces a fully-taxed p/e of 4.3. This is hardly excessive, even if the 7.6 per cent yield provides little support.

IN BRIEF

LETRASET (graphics, leisure, Stanley Gibbons)—Results for year to April 30, 1980, and prospects for current year already reported. Shareholders' funds £27.3m (£15.96m). Loans £5.29m (£328,000) including unsecured bank loan £5m (nil). Meeting, Cafe Royal, W, September 19, at 12.15 pm.

DEBORAH SERVICES LIMITED

The group provides a specialist scaffolding and insulation service primarily used in process plant maintenance programmes.

"Tenth consecutive record year"
reports Arthur Britton, Chairman

- Pre-tax profits for the year to 31 March 1980 were up 24% and the dividend has been increased by 10% on the capital as enlarged by the Rights Issue.
- *Greatly improved contribution from Insulation division.*
- Long term contracts give us confidence for the future.

Comparative figures	1980 £000	1979 £000
Sales	21,067	13,597
Profit before taxation	1,492	1,205
Profit after taxation	1,196	493
Earnings per share	20.2p	19.4p
Dividend per share net	3.85p*	3.5p

*On capital as increased by 1 for 4 Rights Issue in October 1979.

The Company's shares are traded on The Over-the-Counter Market. Details of this market together with copies of the full Report and Accounts are available from the Secretary, Deborah Services Limited, 10 South Parade, Wakefield, Yorkshire. Telephone: 0924-78222.

DSL

REFUGE ASSURANCE COMPANY LIMITED

HALF-YEAR STATEMENT 1980

	First 6 Months 1980 £'000	First 6 Months 1979 £'000	Year 1979 £'000
ORDINARY BRANCH			
New Sums Assured	59,318	50,591	109,565
New Annuities per annum	647	424	983
New Premiums per annum	2,062	1,824	3,863
New Single Premiums	282	321	723
INDUSTRIAL BRANCH			
New Sums Assured	75,029	62,685	126,945
New Premiums per annum	5,918	4,621	9,579
GENERAL BRANCH			
Total Premium Income	5,042	4,070	8,589

REFUGE ASSURANCE COMPANY LTD

Chief Office: OXFORD ST, MANCHESTER M60 7HA

SANDVIK AKTIEBOLAG

Notice is hereby given that copies of the Half Year Report of Sandvik Aktiebolag covering the first six months of 1980 will be available—from September 3—at the office of:

Credit Suisse First Boston Ltd.
22 Bishopsgate
London EC2N 4BQ

Profit growth continues

1980-81 FIRST QUARTER RESULTS

- Pre-tax profits up 42%
- Group sales up 14%
- Record £1,061 million orders
- Earnings per share up 42%

An extract from The Plessey Company's unaudited results.

Figures in £000's	3 months to June 30 1980	1979
Sales	193,500	170,000
Operating profit	19,362	14,052
Profit before taxation	18,645	13,170
Earnings per share (pence)	4.92p	3.46p

PLESSEY GROUP
Operating internationally in 130 countries

Refuge Assurance advances

NEW SUMS assured hy Refuge Assurance Company during the first six months of 1980 rose from £50.59m to £59.32m in the ordinary branch and from £62.69m to £75.03m in the industrial branch.

Ordinary branch new annuities per annum rose to £647,000 (£424,000) and new premiums per annum fo £2.06m (£1.82m), but single premiums declined to £282,000 (£321,000).

Industrial branch new premiums per annum increased to £5.92m (£4.62m) and general branch total premium income to £5.04m (£4.07m).

The interim dividend is lifted from 3.4p to 3.9p—laat year's total was 10.6p.

Production cut at Ward and Goldstone

While the first quarter of the current year at Word and Goldstnne shows sales in value terms little changed from tha corresponding period last year, overall production has been cut to meet lower volnme demand, says Mr. Sampson Goldstone, the chairman. The group manufactures insulated wires and cables and electrical accessories.

Any optimism in the medium term requirea to be qualified by caution as industry in general, currently deep in recession, will continue to he affected hy the Government's efforts to control inflation, he tells memhers in his annual statement.

Looking to the longer term, the chairman saya the group is well equipped to take advantage of an upturn in trade when the national economic climate permits.

As reported July 29, pre-tax profits for the year ended March 31, 1980 dropped to £2.61m (£3m), struck after a aharp rise in interest charge from £0.74m to £1.84m.

At the year end, shareholders' funds were ahead from £18.75m to £23.7m. Bank overdraft and acceptance credits hod increased to £12.96m (£8.06m).

Meeting, Manchester, September 18, 11.30 am.

Redland expects midterm rise but warns on year

Redland, the UK huilding materials company, will not be able to match last year's results unless exchange rates move substantially in its favour, chairman Mr. Colin Corness warned ot yesterday's annual meeting.

Bearing in mind the conditions facing the construction industry in the major industrial economies, he aaid, "it would be foolish to pretend that we can avoid adverse tmpact on our business."

Profits in the first half would be higher than last year, mainly due to the milder winter conditions in northern Europe. Last yeor's second half, on the other hand, benefited from nnrmal weather and the catching up of work suspended or delayed earlier in the year.

Mr. Corness said that efforts hy governments to curh inflation were having an even more serious impact than the weather. In the UK, be commented, "we have drastic cuts in public expenditure at hoth central and local levela, coincident with exceptional and sustained high interest rates."

Once again, Mr. Corness said, "we witness the prospect of a government preferring to sacrifice long-term investment in the infrastructure of the country rather than focing up courageously to pruning puhlic sector current expenditure."

In its last financial year to March 29, 1980, Redland lifted pre-tax profits from £45.2m to £57.3m on sales up from £397m to £495m. If the pound had not strengthened against most foreign currencies profits would heve heen aome £3.5m higher.

Referring to Redlend's foreign octivities, Mr. Corness said tbe U.S. housing programme had follen to around half the level considered appropriate to the country's needs.

In West Germany, househuilding was forecast to be in slow decline for several yeors, though competition was intensifying. It was hard to see how Braas, the group's German subsidiary, could match last year's good results. Some countries, such os Australia, did, however, show promise, he said.

At other annual meetings the chairman of Cawoods Holdings, Mr. Edward Binks, warned of o fall in profits for the first half nf this year. He sald: "Trading conditions generally in the current financial year have hecome increasingly dlfficult and there are no signs yet of improvement."

The weather during the second balf would, as always, have an lmportant hearing on the final outcome, he added.

Mr. C. M. Brown, chairman of Vinten Group, said thal negotiations with an overseas customer for the sale of reconnaissance equipment valued in excess of £1.5m had heen successfully concluded, putting the order book at a record level.

But he added that the receipt of the contract had come to late to influence what would be o poor first half.

BOARD MEETINGS

The lollowing companies heve notilied dates of Board meetings to the Stock Exchange. Such meetings are usuelly hold lor the purposes of considering dividends. Official indications are not available as to whether dividends are Interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Alcan Aluminium (UK), BGA, William Jacks, Scottish Northern Investment Trust.

Finals: Barker and Dobson, Griggerreds, Standard Industrial, Wagon Finance, Wiggins Construct.

FUTURE DATES

Interims:—

Babcock International	Sept. 10
Bestobell	Sept. 9
Biddle	Sept. 10
Bodycote International	Sept. 16
Bridon	Sept. 11
Cosalt	Sept. 11
Debenhams	Oct. 15
Dorada	Sept. 10
Farmer (S. W.)	Sept. 5
Hepworth Ceramic	Sept. 11
Invergordon Distillers	Sept. 4
Northern Engineering Inds.	Sept. 4
Nurdin and Peacock	Sept. 10
Peninsular and O. Steam Nav.	Sept. 10
Pritchard Services	Sept. 3
Woodward (H.)	Sept. 3

Finals:—

Linfood	Sept. 1
Macallan-Glenlivet	Oct. 2
Staffordshire Potteries	Sept. 8

£61M FOR BAC STOCKHOLDERS

An issue of £61.07m of 10 per cent Exchequer stock, 1983, was mode yesterday as compensation due in respect of the unquoted securities of British Aircraft Corporatinn (Hnldings). The Department of Industry announced on August 21 that compensation had been settled with the stockholdera' representative.

PSIT re-funds its banking facilities

Mr. A. R. Perry, chairman of Property Security Investment Trust, tells sharehnlders in hls onnuel report that since the end of the company's financisl year, further refunding of the group's baoking facllities has been arranged on terms of 5 to 7 years and at more favourable rates of interest.

The group, he adds, now bas adequate financial facilities hoth for its present developmenl programme and for additional opportunltles as they arise.

As reported on August 12, the pre-tax surplus in the year to March 31 last jumped by £505,000 to £865,000 from gross income of £4.66m (£3.74m).

Shareholders' funds are shown as £37.11m compared with £34.97m.

CCA profits at Davy Corporation

Historical pre-tax profits of £15.94m (£26.13m) achieved hy Davy Corporatinn, the major engineering and construction group, for the year to March 31, 1980, are reduced to £13.8m (£23.8m) on a CCA basis, tha annual accounts reveal.

The CCA profit ls after adjustments for cost of sales, £2.8m (£2.2m) (cancelled out hy monetary working capital) depreciation, £2.5m (£2.3m), gearing, £0.4m less £0.8m interest on net borrowings.

Retained profils of £4.41m (£9.76m) on a hlstorical hasis are reduced to a CCA figure of £2.1m (£7.6m). Earnings per share on a CCA hasis are stated as 9.6p against 19.6—the hlstorical figures are 12.5p (22.7p).

Scottish Inv. Trust well ahead

PRE-TAX REVENUE of Scottisb Investment Trust rose sharply from £3.72m to £5.10m in the nine months to July 31, 1980, but the board soys the increase is unrepresentative of the position expected for the year partly becauae of dividend hocklogs received last year.

In the year ended Novemher 5, 1979, pre-tax revenue hsd increased from £4.62m to £5.84m.

Gross income for the nine months improved from £4.35m to £6.06m. Net asset value per share amounted to 153.3p against 128.2p.

Including the effect of the $10m currency swap arranged in April, the company has moved some $10m out of the UK in the curreot year of which $6m has been iovested in the U.S. and $4m in the Far East.

Fife Forge advances mid-term

An advance from £101,940 to £201,165 in pre-tax profits ia reported by the Fife Forge Company, forgemaster, engineer and steel merchant, for the half year to June 30, 1980. Turnover increased from £3.23m to £3.87m.

After tax, up from £53,000 to £104,600, profits retained amounted to £69,771, compared with £27,505.

The interim dividend is raised from 0.8p to 1p—last year's totol was 3.3p from pre-tax profits of £173,000.

Christopher Moran AGM postponed

Christopher Mnran Group, the insuronce hrokar with large Lloyd's of London interests, has postponed its annual general meeting from Septemher 3 to October 31. Last week the company sald thot the eccounts were still in the course of preparotion.

BIDS AND DEALS

Hargreaves' £2m sale

Hargreaves Group's wholly-owned subsidiary is selling freebold land ond the quarrying, coating and mohile plont of its Skipton Rock Quarry for £2.12m cash.

Tilcon is making the acquisition with effect from September 1 and the stocks of Skipton, one of seven quarries which Hargreaves own in the north of England, will be taken over at valuetion.

During the financial year ended March 31, 1980, profits before tax contributed by Skipton Rock Quarry to Hargreaves Quarries amouoted to £181,000.

Proceeds of the realisation will he applied by Hargreaves Quarries in the development of its other quarries, and in the reduction nf borrowings.

PROGRESSIVE SECURITIES

Progressive Securities Investment Trust says it has received a second approach following its announcement tast week. Discussiona are taking place wbich msy result in an offer belng made by thia party for the share capital of Progressive.

A further announcement will he made shortly.

JOHN HASTIE BUYS SPEEDCRANES

John Hastie of Greenock (Holdings), a memher company of Vickers marine engineering division, bas acquired from the liquidator of Speedcranes of Gourock the right to use the Speedcranes trade name, its patents, drawings and industrial rights. Key personnel of Speedcranes bave also been employed hy Hastie.

Before liquldation, Speedcranes, a privately owned company, was one of the leading manufacturera of derrick cranea in the UK and a major supplier to the marine industry.

John Hastie is an internationally known manufacturer of ships' steering gear and lntends to continue prodnction of derrick cranes under the name Hastie Brown Speedcrane. It also intends to commence further product development.

H. GOLDMAN

Mr. Ian Wasserman, a former director of the Sleter Walker group, has increased hls stake in H. Goldman Gronp, the hardware, clocks and watches wholesaler. He now holds 254,000 shares representiog 11.06 per cent of the eqnlty.

Earlier this week it was revealed that he beld a 10 per cent shareholding in Goldman.

TIMES PUBLISHING/ MARSHALL CAVENDISH

The nffer hy Times Puhlishing to acquire the whole of the share capital of Marshalt Cavendish, other than the 6.05m ordinary sbares it already owns, bas been declared unconditional.

Acceptances have been received in respect of 12.1m shares, or approximately 85 per cent of those subject tn the offer.

Times Puhlishing held 5.5m ordinary shares in Marshall Covendish at July 10, 1980, and since then bas purchased 550,000 through the market. The nffer remains npen.

Marshall Cavendish is holding an extraordinary general meeting today.

SHARE STAKES

Crown House — W. Best, directnr, notifies that his wife haa sold 68,000 shares and a trust, in which he has no beneficial interest, has sold 100,000.

Pilkington Brothers — Lord Pilkington has dispnsed of 36,900 shares leaving interest 19.93m ahares (6.52 per cent), Dr. L. H. A. Pilkington has disposed of 34,600 non-beneficial leaving disclosable interest 3.91m ahares (2.33 per cent).

S. and W. Berisford — W. I. Hubert, director, has sold 50,000 shares at 182p, of which 45,000 beneficial and 5,000 from a charitable trust in which he has a non-beneficial interest.

Deritend Stamping Company—Britannic Assurance Company has an interest in 840,250 shares (15.93 per cent).

Estates and General Investments—C. G. Layley and D. G. Randall have acquired 58,175 shares making bolding 1.66m (9.15 per cant).

Racal Electronics—Prudential Corporation holds 13.25m shares (less than 5 per cent).

Williamson Tea Holdings—The Ford Salarled Contributory Pension Fund has increased its holding to 184,500 shares (8.06 per cent).

Brown and Tawse—J. Walker has sold 460,000 shares of which 300,000 were beneficially held by C. Walker and Sona; the interest is now: J. Walker 426,000 shares (4.15 per cent), all of which beneficially held by C. Walker and Sons.

LONDON INVEST.

London Investment Trust states conditional contracts have ben exchanged for the ocquisition of 51,140 ordinary shares in Investors Savings Trust or 63.28 per cent of the ordinary shares. Together with its existing holding, LIT will own 99.58 per cent of IST end will make an offer for the ootstanding ordinary shares.

IST, formerly Klerksdorp Consolidated Goldfields, is a public unquoted investment company with a portfolio comprising cash and securities curreolty valued at approximately £250,000. In addition, IST owns the minerals rights nn land totalling 5,300 acres on farms in tbe Klerksdorp district of South Africa.

IST concluded an agreement on August 15 with a subsidiary of Anglo-Transvaal Consolidated Investment Company of South Africa wbereby IST has granted prospecting rights, principally for gold and uronium. This agreement is for the period to December 31, 1984, and provides the prospeclor with an option to purchase the mineral rights for a sum of up to £1.1m. Should a mine be formed to extract minerals, IST will have the right to subscribe for up to 17½ per cent of the initial working capital of sucb a venture, resulting in LIT having a direct lnterest in 6.35 per cent of the venture.

The initial consideration of £161.091 is equivolent to 14 ordinary shares of 5p each in LIT for each ordinary share of £10 ln IST and will he satisfied by the issue of 715,960 ordinary ln LIT. Arrangements have heen made on beholf of certoin of the vendors to place 463,960 of these consideration shsres at 22½p per ahare.

In addition, the vendors are entitled to a deferred consideration equal to 63.28 per cent of the net proceeds arising from any dlsposal of tbe mineral rights. The net assets of IST for the year ended Novemher 30, 1979, were £234,689 and losses before taxetion, amounted to £11,332.

Consolidated Plantations Berhad

PRELIMINARY ANNOUNCEMENT

OF THE RESULTS FOR THE YEAR ENDED 30TH JUNE,1980

The Directors of Consolidated Plantations Berhad will recommend to the Shareholders at the Annual General Meeting of the Company to be held in Kuala Lumpur on 5th November 1980 the payment of a final dividend of 11.0 cents per share gross for the financial period ended 30th June 1980. Subject to approval by the Shareholders, the dividend will be paid less Malaysian income tax, on 11th November 1980 to Shareholders on the Company's Registers at the close of business on 1st October 1980. The final dividend together with the interim dividend of 7.0 cents per share gross paid on 16th April 1980 makes a totel distribution for the year of 18.0 cents per share gross which comperes with the total distribution for the previous year of 17.3 cents per shere gross (interim 6.7 cents per share, final 10.6 cents per share).

PROFITS		1980 – M$ Million –	1979 – M$ Million –
TURNOVER — Externel		238.8	209.6
PROFIT BEFORE TAXATION		99.0	92 2
TAXATION		36.5	36.4
PROFIT AFTER TAXATION BUT BEFORE EXTRAORDINARY ITEMS		62.5	55.8
EXTRAORDINARY ITEMS		0.9	9.8
PROFIT ATTRIBUTABLE TO SHAREHOLOERS OF CONSOLIOATEO PLANTATIONS BERHAO		63.4	65.6
COST OF DIVIDENDS PAID AND PROPOSED — NET		49.8	47.3
		M.cts	M.cts
EARNINGS PER SHARE		13.5	12.3
DIVIDENDS PER SHARE — Net of Malaysian income tax		10.8	10.4
SALES AND AVERAGE SELLING PRICES:			
PALM OIL	— Sales ('000 metric tons)	119	110
	— Net of duty price (M$)	1,028	975
PALM KERNEL	— Soles ('000 matric tons)	25	23
	— Ex-mill price (M$)	807	768
FFB	— Sales ('000 metric tons)	61	62
	— Ex-estate price (M$)	208	195
RUBBER	— Sales ('000 kgs)	28,707	27,833
	— Net of duty price (M$)	2.34	1.90
COCOA	— Sales ('000 kgs)	431	271
	— FOB price (M$)	5.96	6.71
		– M$ Million –	– M$ Million –
INCOME DERIVED FROM:			
— Sales of oil palm products, rubber and cocoa		238.8	209.6
— Investments		11.7	9.1
— Other Sources		1.0	0.7
		251.5	219.4

NOTES:

1. Consolidated Plantations Berhad commenced trading on 1st January 1980.
2. The results for the period comprise those of Consolidated Plantations Limited and its liquidated subsidiary companies from 1st July 1979 to the dates of thair liquidation and of Consolidated Plantations Berhad from 1st January 1980 to 30th June 1980. The comparatives shown are the Consolidated Plantations Limited Group results for the year ended 30th June 1979.
3. The extraordinary items relate principally to surpluses from sales of an investment and estate land.

By Order of the Board
WONG TET ONN
Secretary

Kuala Lumpur
28th August 1980.

HIGHLIGHTS OF

PRELIMINARY ANNOUNCEMENT

OF THE RESULTS FOR THE YEAR ENDED 30TH JUNE,1980

Sime Darby Berhad

....our fifth consecutive year of record profits, which have now more than doubled over the past four years

Pre-Tax Profits –up 22% to M$266 million

Dividends –an increase of 15%

Earnings per Share –rose by 32% to 20·97 cents

SUMMARY OF CONSOLIDATED RESULTS
(Subject to final audit)

1980 £ Million		1980 M$ Million	1979 M$ Million
53.3	PROFIT BEFORE TAXATION	266.3	218.9
23.4	EARNINGS — Profit after taxation and minority interests	116.7	84.1
pence		cents	cents
1.56	DIVIDENDS PER SHARE	7.80	6.76
4.19	EARNINGS PER SHARE	20.97	15.84
29.00	NET ASSETS PER SHARE	146.00	131.00

NOTES:

1. The proposed final dividend of 13.00 cents per share will be paid, less Malaysian income tax, on 28th November 1980.
2. The 1979 comparative figures per share have been adjusted for the effect of the 1 for 3 bonus issue made in April 1980.
3. The results do not include the profits on the sales, after the year end, of the Group's investments in The Amoy Canning Corporation (Hong Kong) Ltd and Highlands and Lowlands Berhad.

By Order of the Board
FRED C. WHITING
Secretary

Kuala Lumpur,
28th August 1980

CONTRACTS

Wheels for Nigerian railway

The BRITISH STEEL CORPORATION has won a contract worth nearly £3m to supply railway wheel sets for the Nigerian Railway Corporation. Work on this order, which is for wheels and axles together, will go to the wheel forge, machining and assembly departmeots at BSC's Trafford Park Works in Manchester, and to the railway axle manufacturing plant at lckles Works in Rotherham. Delivery should begin early oext year and will continue over 10 months.

★

Britisb and overseas equipment orders worth some £1.25m have been won by BABCOCK JENKINS, Retford, a subsidiary of Babcock International. Tbe biggest contract, worth some £550,000, was placed by Civil and Marine, Greenhithe, for two conveying systems. Tbe first is for a land conveying system to bring gravel to a stocking out area: the second is for purpose-built ship conveyors for the dredger wblch will collect the sand and gravel from the North Sea. The complex is to be operational by October this year.

★

Among recent orders for CARRIER-ROSE ENGINEERING COMPANY, is one for the Nlgerian Newsprint Manufacturing Company, Lagos, Nigeria, for the supply of ventilation equipment for the pulp and paper mill complex at Oku Iboku. The contract, worth over £470,000, calls for a centralised air conditioning system for the administrative offices, together with ventilation plant for stock preparatioo, pulping areas and turbine hall.

★

Tbe industrial finishing division of CARRIER ENGINEERING has secured a contract worth £450,000 to supply paint plant to J. C. Bamford Excavators. The plant will be for the complete "B" machines' range which iocludes crawler excavators, articulated loaders and teleacopic handlers. With production start-up planned for the end of 1980, Carrier will supply a 10 metres long flatting booth, a steam cleaning and degreasing facility, a Carrier-patented hydro-spin spray painting booth equipped with Hydropac waste paint control system and a moisture dry-off oven.

★

METALLURGICAL ENGINEERS London, has received a contract worth almoat £250,000 from McDermott Engineering for the design and supply of two bot oil heaters from the Amoco N.W. Hutton drilliog and production platform.

Nelson Computer Services of Rawenstall, Lancs., has placed a £120,000 order with INTERNATIONAL COMPUTERS for 26 of ICL's 1500 series minicomputers. The order Includes five 1505-44 disc-based minicomputers and 21 of the other models in the 1500 series.

★

The U.S. Air Force has awarded a contract worth more than $7m (£2.9m) to GOODYEAR AEROSPACE CORPORATION to build radar ground equipment capable of producing tactical target reports 10 times faster than current systems. Tbe radar system la scheduled for delivery to the U.S. Air Force in Germany in 1981.

★

AVDEL, Welwyn Garden City, part of the Newman Industries Group, has secured a £1.5m order from the USSR for the supply of machine tools, plant and equipment for the manufacture of the "Avdel self-pluggiog rivet." It includes production tooting for an estimated 5 years programme as well as 650 rivet installation and trimming tools, together with spare parts. The fastening system will be used in the conatruction of metal faced timber portable homes being developed and built by the Mioistry of Forestry.

★

Orders worth £1.5m have been awarded to HINDLE/COCKBURNS, part of Lake and Elliol's valve division. Matthew Hall bas ordered industrial valves worth £275,000 for BP's Magnus project, and other orders are in hand for BP Kinneal (£220,000); Ras Lanuf, Libya (£200,000); the Itallan State Electricity Board (£160,000); ICI (£100,000); BP Grangemouth (£120,000) and Snamprogetti, £137,000 for Milford Haven pipeline valves. Orders include £120,000 for Canada, and £105,000 of manoeuvring valves for the Indian Navy.

★

Further orders for tropospheric scatter equipment have been received by MARCONI COMMUNICATION SYSTEMS, Chelmsford, a GEC-Marconi Electronics company. Placed by British Telecom and Phillios Petroleum, the orders, worth over £1m in all, are to link the Phillips Petroleum Maureen platform in the North Sea with the British Telecom land station at Mormond Hill, Aberdeensbire.

★

LINK ELECTRONICS has won an order worth almost £500,000 from the Independent Broadcasting Authority to supply equipment to be used in the introductioo of the fourth television channel. The order is for transmitter programme input equipment.

★

Orders placed with SIGMUND PULSOMETER PUMPS, a member of the SP Group, for pumps to be installed at the Nigg Bay Oil Terminal in Scotland have totalled just under £400,000. Three pumps are to be supplied for handling treated effluent liquid brine saturated with air at atmospheric pressure. Two 4-stage vertical units and two horizontal split-case pumps are to provide sea water for fire protection duties.

£2m bottling plant

A £2m contract has been awarded to SEITZ ENGINEERING (GB), Weybridge, by Bass Ireland for a new combined beer and soft drinks bottling plant at Belfast. The modernisation will replace the existing bottling lines by one complete line capable of bandling the entire range of products beer, soft drinks and fruit juices. To start production in June 1981, the oew facility will be capable of producing 30,000 bottles per hour.

★

Wakefield Metropolitan District Council has ordered its fourth Reality mini-computer/management information system from COMPUTER MACHINERY COMPANY. Worth £272,000 it includes 28 processing terminals, 21 "hard copy" printing terminals and a 600 lpm printer.

★

PYE TVT, the broadcast company of Philips, has woo a £250,000 transmitter contract from the Zambian broadcasting services for two radio and two television transmitters. The contract includes the installation of the television transmitters and a full range of test and monitoring auxilliary equipment. The two television transmitters will be used to extend the ZBS coverage to Chipata and Kasama

★

MORIG INTERNATIONAL, Tonbridge, a design group formed in June to extend tbe activities in tbe UK of the Finnish company, Partek, have landed an order, worth £250,000 from Sulzer Bros., Winterthur, Switzerland, for eight integrated lube and seal oil units, used in conjunctioo with bigh pressure brine injection pumps, destined for the Saudi Arabian oil-fields.

The John Smith, Keighley works of ADAMSON BUTTERLEY has won a £188,000 contract to manufacture an overhead travelling crane for Tunnel Cement of Mold in Clwyd, North Wales. The 12 tonne capacity grabbing crane is a replacement model to handle limestone, sand, gypsum, coal and shale used by Tuooel to manufacture cement clinker.

★

The London aod Manchester Assurance company bas ordered for installation at its headquarters in Exeter communications controllers, printers and over one hundred 3280 visual display screens valued at £168,000 from ITT BUSINESS SYSTEMS.

★

PETER BROTHERHOOD, Peterborough, has been awarded ao order worth over £150,000 by Taylor Woodrow for process machinery for a plant in the north of England.

★

H. ERBEN of Hadleigh has been appointed main contractor for a new 12,000 bpb bottling line by Martini and Rossi of Southampton. Martini's new project is ao upgrading of its line 4, needed to provide additional production facilities for fast-growing vermouth sales. From Erben's own stable, come a Perrier 20 head air blower, a Kettner Kontiround wraparound carton packer and an Otto Sick bottle conveyor system. Included in the line are also a Stork 80 head vacuum filler, a Bertolaso 12 head pilferproof capper (rented from Viscose) and a Jagenberg Solar 30 labeller.

General Mining Union Corporation Group

CHANGE OF NAME AND ADDRESS

Following the change of name of the parent Group, Union Corporation (UK) Limited has changed its name to General Mining Union Corporation (UK) Limited. As from 1 September 1980 the offices of General Mining Union Corporation (UK) Limited will be at:

30 Ely Place
London EC1N 6UA
Telephone: 01-404 0873

The Companies for which General Mining Union Corporation (UK) Limited will provide London Secretarial services from the above address are:

General Mining Union Corporation Limited
Union Corporation Limited
Buffelsfontein Gold Mining Company Limited
Stilfontein Gold Mining Company Limited
West Rand Consolidated Mines Limited
Bracken Mines Limited
The Grootvlei Proprietary Mines Limited
Kinross Mines Limited
Leslie Gold Mines Limited
Marievale Consolidated Mines Limited
Winkelhaak Mines Limited
St Helena Gold Mines Limited
Unisel Gold Mines Limited
The Clydesdale (Transvaal) Collieries Limited
Trans-Natal Coal Corporation Limited
The Griqualand Exploration & Finance Company Limited
Sentrust Limited
Impala Platinum Holdings Limited
UC Investments Limited

The addresses of the Registrars are unchanged.

per pro General Mining Union Corporation (UK) Limited
L. J. Baines
Secretary

29 August 1980

BANK RETURN

BANKING DEPARTMENT

	Wednesday August 27 1980	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	35,828,292	+ 3,418,133
Bankers Deposits	688,765,905	+ 10,244 589
Reserve & other Accounts	617,677,195	— 27,486,260
	1,356,842 390	— 15,828,538
ASSETS		
Government Securities	753,594,064	+ 160,735,000
Advances & Other Accounts	250,631,905	— 222,307,175
Premises Equipment & Other Secs.	365,639,800	+ 61,714,755
Notes	8,694,540	— 15,947,362
Coin	282,881	— 23,756
	1,356,842,390	— 15,826,538

ISSUE DEPARTMENT

Liabilities	£	£
Notes Issued	10,350,000,000	+ 50,000,000
In Circulation	10,341,305,660	+ 65,947,362
In Banking Department	8,694,340	— 15,947,362
ASSETS		
Government Debt	11,015,100	—
Other Goverment Securities	8,483,766,368	+ 35,554,892
Other Securities	1,855,218,532	+ 14,645,108
	10,350,000,000	+ 50,000,000

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Baok	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½ %
A P Bank Ltd.	16 %	Keyser Ullmaon	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
Bank of Credit & Cmce.	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhooe et de la Tamise S.A.	16½ %	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Coriothian Secs.	16 %	Whiteaway Laidlaw	16½ %
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	15½ %		
First Nat. Fin. Corp.	19 %		
First Nat. Secs. Ltd.	19 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £25,000 14¼% and over £25,000 14½%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14¼%.

Anglo American Industrial Corporation Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT AND INTERIM DIVIDEND

The following are the unaudited results of the corporation and its subsidiary companies for the six months ended June 30 1980, together with the comparative figures for the six months ended June 30 1979 and the year ended December 31 1979. These should be read in conjunction with the notes below:

	Six months ended 30.6.80 R000's	Six months ended 30.6.79 R000's	Year ended 31.12.79 R000's
Group profit before taxation (Note 3)	113 903	64 204	150 043
Deduct: Taxation and deferred taxation	41 676	21 719	50 736
Group profit after taxation	72 227	42 485	99 307
Less: Profit attributable to minority interests in subsidiary companies	17 340	5 628	13 777
Group profit attributable to shareholders before non-trading items (Note 5)	54 887	36 857	85 530
Cost of interim dividend No. 33 of 42.5 cents per share	11 460	8 730	
Number of shares in issue	26 964 547	26 861 947	26 964 547
Earnings per share cents	203.6	137.2	317.2
Dividends per share cents	42.5	32.5	105.0

NOTES:

1. The arrangements whereby a wholly-owned subsidiary of the corporation, Scaw Metals Limited, acquired joint control of Haggie Limited (Haggie) and a 35.25 per cent effective interest at a cost of R50.65 million were finalised in May 1980 and took effect from January 1 1980. The Amic group has also acquired with effect from March 1 1980 an 80 per cent equity interest in Control Logic (Proprietary) Limited (Conlog) at a cost of approximately R6.7 million. Accordingly, the group's results for the six months ended June 30 1980 include the attributable profits of Haggie and Conlog.
2. The group's operating subsidiaries and companies in which the group has major investments have reported substantially increased profits for the six months ended June 30 1980. It is anticipated that the group results for the second half of 1980 will be similar to those reported for the six months to June 30 1980.
3. The results of certain foreign subsidiaries have not been consolidated in the respective group results of two wholly-owned subsidiaries of the corporation.
4. During the period July 1 1979 to December 31 1979 a further 102 600 ordinary shares were allotted and issued in terms of the corporation's share incentive scheme, thereby increasing the number of ordinary shares in issue from 26 861 947 at June 30 1979 to 26 964 547 at December 31 1979.
5. Non-trading items

   The group profit excludes the following:

	Six months ended 30.6.80 R000's	Six months ended 30.6.79 R000's	Year ended 31.12.79 R000's
Amount written off goodwill	—	(3 614)	(3 359)
Surplus on disposals of land and buildings	—	1 936	2 144
Surplus on realisation of investments	1 113	—	99
Other items (net)	(969)	218	(1 009)
	144	(1 460)	(2 125)

6. Particulars of the group's listed investments are as follows:

	At 30.6.80 R000's	At 30.6.79 R000's	At 31.12.79 R000's
Market value	184 984	105 377	138 834
Book cost	44 479	47 433	47 433
Appreciation	140 505	57 944	91 401

7. Group commitments for capital expenditure at June 30 1980 amounted to R232 284 000 (1979: R35 909 000).

For and on behalf of the board
G. W. H. Relly
W. G. Boustred } Directors

Interim Dividend No. 33

Interim dividend No. 33 of 42.5 cents a share (1979: 32.5 cents), for the year ending December 31 1980 has been declared payable to shareholders registered in the books of the corporation at the close of business on September 26 1980.

The share transfer registers and registers of members will be closed from September 27 to October 9 1980, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about October 23 1980. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on October 14 1980 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency provided that any such request is received at the offices of the corporation's transfer secretaries in Johannesburg or the United Kingdom on or before September 26 1980.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the corporation and also at the offices of the corporation's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001 and Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

The effective rate of non-resident shareholders' tax is 15 per cent.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per D. M. Davidson
Divisional Secretary

London Office:
40 Holborn Viaduct
London EC1P 1AJ

Registered Office:
44 Main Street
Johannesburg 2001

August 29 1980

NOTICE OF MEETING

To the Holders of

Itel Finance International N. V.

9¾% Guaranteed Debentures due 1988
9¾% Guaranteed Debentures due 1990
10½% Guaranteed Debentures due 1993

NOTICE IS HEREBY GIVEN, in connection with the above-mentioned Debentures issued under Indentures dated as of April 1, 1978, October 1, 1978 and May 1, 1979, respectively, with Itel Finance International N.V. as Issuer and Itel Corporation as Guarantor, that J. Henry Schroder Bank & Trust Company as Successor Indenture Trustee has called a meeting of Holders of the above-mentioned Debentures for September 9, 1980 at 10 a.m. at The Tower Hotel, St. Katherine's Way, London E.1 England, and that the agenda of such meeting will consist of matters relating to the current financial circumstances of Itel Corporation and its efforts in the restructuring of its debt as set forth in a press release issued by Itel Corporation on August 22, 1980. An officer of J. Henry Schroder Bank & Trust Company and its counsel will be present at the meeting, as well as an officer of Itel, its counsel and a representative of Goldman, Sachs & Co., its financial advisor.

Holders who wish to obtain a copy of the aforementioned press release may contact J. Henry Schroder Bank & Trust Company by mail or telephone, attention: George R. Sievers, First Vice President, J. Henry Schroder Bank & Trust Company, One State Street, New York, New York 10015—(212) 269-6500.

J. HENRY SCHRODER BANK & TRUST COMPANY
as Successor Indenture Trustee

Cologne has optimum transport connections:

E. g. 995 passenger trains daily, 180 of which are international (16 TEE trains, 48 intercity trains). 10 motorways connect Cologne to Europe.

32 goods stations, including one of the largest container stations in Germany; 6 harbours; an international drive-in airport, second in Germany for goods traffic.

Of the 58 large cities in the Federal Republic 24 are within a radius of 80 km from Cologne.

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55 thousand million tons of brown coal are deposited before the gates of Cologne. The city's natural gas and oil supply is directly connected to the large pipelines.

Cologne has an unusually manifold and healthy economic structure.

Centre of industry, banking and insurance. Location of 40,000 industrial establishments. Trade fair centre: 16 international trade fairs and exhibitions. Broadcasting centre: 4 broadcasting companies.

Cologne is also a shopping centre for 4 million people: 8,430 retail shops.

Cologne has a rich manpower potential

Nearly all professions are represented. At the moment approximately 32,000 industrial training places and almost 44,000 students.

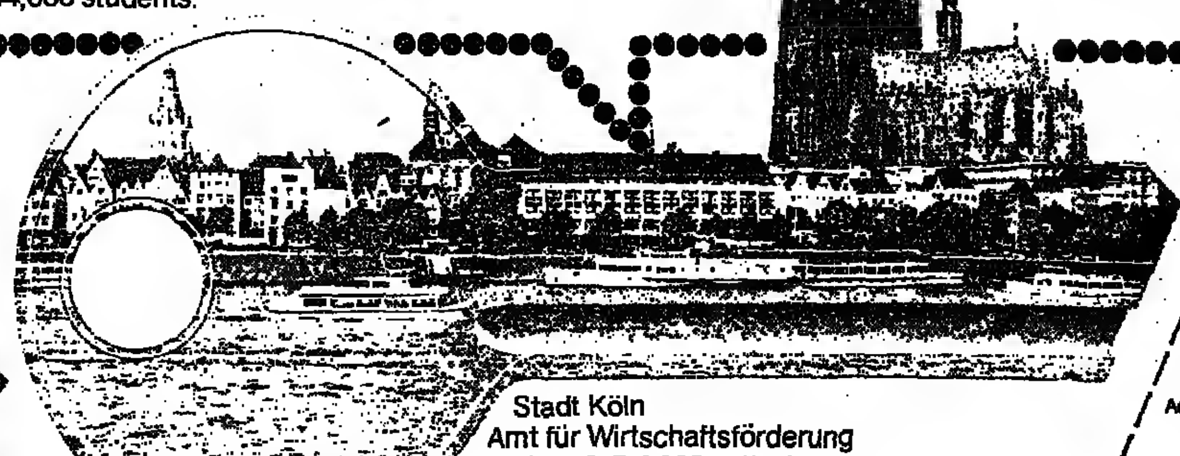
And – Cologne lays high value on recreation.

Culture is emphasized: e. g. 18 mueums and 12 theatres. Sports facilities, extensive public parks and gardens as well as nearby recreation areas with expansive woods and lakes.

Cologne offers developed, easily accessible property.

In 1979, alone through the Office for Promotion of Trade and Industry, 356,000 sq. metres of industrial and commercial areas was procured for 99 companies. That is the best proof of the attractiveness of Cologne's position.

Secure the advantages of Cologne's position for you too



Key position Cologne

Stadt Köln
Amt für Wirtschaftsförderung
Am Hof 52, D-5000 Köln 1
Tel. 0221/221-3781
Telex 08 882 988 dost d

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South Korea sees autumn return to capital markets

BY CHARLES SMITH IN SEOUL

SOUTH KOREA hopes to return to the money markets this autumn, after a period of enforced absence caused by the political upheavals of last May, but it is prepared to wait if borrowing terms prove unsatisfactory.

This was stated yesterday by Mr. Chung In-Yong, the Assistant Minister of Finance for international financial affairs. Mr. Chung told the Financial Times that he thought it should be possible for South Korea to pay the same or "not much more" for its loans than it was paying

South Korea started 1980 with a $1.7bn target for long-term commercial bank borrowing and had raised $700m of this amount by mid-May. At that point, the outbreak of something approaching civil war in the south-western city of Kwangju caused the interruption of a series of $50m borrowings by the five main commercial banks.

There has been no attempt to renew negotiations on syndicated loans since that time, but Mr. Chung said he hoped foreign bankers would re-assess the situation after their return from the summer holidays. South Korean officials say that the election of General Chun Doo-H'wan as President this week means that political stability is being re-established.

Mr. Chung said yesterday that it had not been decided whether to proceed with a $600m syndicated loan to the Korea Development Bank which was originally planned for this autumn.

Although Korea has yet to fill $1bn worth of its long-term commercial bank borrowing target for 1980, it is only $800m short of its overall target for foreign currency inflow during the year. By the end of July $6.9bn worth of funds had been committed out of a targeted total of $7.7m. A heavy short-term capital inflow, much of it related to the financing of oil imports, has filled the gap between the long-term and overall borrowing figures.

Korea is expected to be in deficit on its international current account by about $5.6bn in 1980, a record figure and somewhat less than the $5.8bn being officially forecast a few months ago. Oil imports will cost the country roughly $3bn more than in 1979 but exports have grown at slightly more than targeted levels.

New 'roll-over' bond for EIB

BY FRANCIS GHILES

UNION BANK of Switzerland is pioneering a new technique in the Eurobond market: the conversion issue. European Investment Bank is the first borrower to take advantage of this by seeking to "roll over" a $100m 9 per cent issue arranged in 1975 through UBS (Securities) into a seven-year bond with a coupon of 12¾ per cent at par.

Holders of outstanding bonds, which mature on September 15, 1980, are invited to exchange them at maturity at face value for new bonds issued by the same borrower. Those banks which do will receive a 1 per cent conversion fee.

Meanwhile, UBS (Securities) has fully underwritten the new issue for a management fee of 1 per cent. The borrower will thus pay a maximum fee of 2 per cent in the case of full conversion and a maximum of 1 per cent if there are no conversions. Holders of older bonds are also entitled to request redemption for cash in lieu of the conversion offer.

Investors who do not hold any of the old bonds may acquire new notes from the managers at negotiable prices or in the secondary market.

Were such buyers able to purchase the 12¾ per cent seven year bonds at 98¾—taking the normal 1¼ per cent selling group concession into account—they would be buying paper which yields 12.71 per cent. Yesterday, the 11 per cent EIB bonds to 1988 were available in the secondary market at 90-90¼, yielding 12.98 per cent. The longer dated 13¾ per cent EIB bond to 1990 was trading on a 13.42 per cent yield.

Elsewhere in the dollar sector, prices finished the day ¾ per cent down after recovering from worse falls during the morning, the result of Wednesday's weak market in New York.

A $25m convertible bond issue for Oak Industries expected to be launched shortly through Smith, Barney.

In the DM sector new issues continue to be postponed because of the weak secondary market. Yesterday, Dresdner Bank decide dto postpone a scheduled issue, the third postponement since last Thursday.

Meanwhile, Nippon Paint Company of Japan has launched a DM 40m eight-year privately placed convertible through BHF Bank. Indicated coupon is 6¼ per cent and conversion premium is expected to be around 10 per cent.

Both the Swiss franc and DM secondary bond markets shed ½. Copenhagen Telephone A/S is scheduled today to come to the Swiss market with a SwFr 60m public issue through Swiss Bank Corporation.

S. Africa arranging $250m Eurocredit

By Peter Montagnon

SOUTH AFRICA is poised to undertake a $250m financing in the Euromarkets. The credit marks a significant step towards the rehabilitation of the country as a respectable international borrower, largely because it is being handled with much less discretion than is normally the case for Euromarket borrowings by this country.

For many years international opposition to South Africa's apartheid policies has forced the country to resort to undercover arrangements with its bankers. These privately arranged financing normally carried much tougher conditions than those available to other borrowers in the same markets.

Now, however, the banks are beginning to accept that the country is set on a gradual relaxation of apartheid. At the same time they are aware that the rapid rise in the gold price over the past two years makes the country's first-class economic risk.

The new credit is being arranged by Dresdner Bank of West Germany alongside Citicorp of the U.S., Britain's Barclays Bank and Union Bank of Switzerland.

Detailed terms are still being negotiated with the Government in Pretoria, but a clear principle has been established that the funds will be used to finance housing and education projects for the country's black population.

Dresdner Bank last arranged a credit of $150m for South Africa two years ago. The borrowing carried a margin of 1½ per cent over five years. Today, however, the general downward pressure on Euromarket spreads coupled with the improved rating for South African credit would dictate a significantly lower margin.

News of the Eurocredit comes after a noticeable build-up of South African activity in the Euromarkets in recent months. In June, it launched a DM 120m bond issue, its first public international bond since before the Soweto riots in 1976. Last week Standard Bank of South Africa announced a $50m floating rate note issue, the first such issue for a South African bank.

Campeau bids C$413m for Royal Trustco

By Our Financial Staff

ROYAL TRUSTCO, Canada's largest trust company, became the object of a surprise C$413m (U.S.$360m) takeover bid yesterday from Campeau Corporation, an Ottawa-based construction and real estate company.

Campeau is offering C$21 per common share and C$29.93 per preferred share. It said it will mail a formal offer to Royal Trustco shareholders in the near future. The price is a substantial premium over market price.

Campeau already owns 5.4 per cent of Royal Trustco's common shares. The trust company, which has major operations in the UK and banking operations in south-eastern U.S., reported profit of C$29m or C$1.70 a share for 1979 against C$28.8m or C$1.60 a year earlier. Its assets totalled C$7.07bn at end 1979.

Campeau, among the top five Canadian real estate developers, has been expanding rapidly recently in the U.S. Its operating income was C$4.8m or revenues of C$244m in 1979 against C$523,000 on C$209m a year earlier. Assets were more than C$800m at end 1979 against C$721m a year earlier.

Further loss at King's Stores

By Our Financial Staff

A FURTHER loss of $1.2m or 17 cents a share was registered in the second quarter of this year by King's Department Stores, of Massachussets. This brings the loss for the first half of the year to $2.1m or 29 cents a share, compared with net earnings of $4.9m or 65 cents a share in the corresponding period of 1979.

Sales for the six months are slightly down at $250.6m against $255.4m. Second quarter sales dipped sharply from $148.8m to $131.6m.

General Motors expands in Portugal

BY JIMMY BURNS IN LISBON

GENERAL MOTORS yesterday committed itself to an Es 2.8bn ($56m) expansion of its present operations in Portugal, as part of its drive to increase its share of world markets and boost the profitability of its overseas operations within the next decade.

General Motors' latest investment involves the acquisition of a plant owned by Cimbor, a Portuguese State-owned components manufacturer, in Ponto de Sor, 160 kilometres north east of Lisbon. The production of rubber and plastic vehicle components at the plant will be export-orientated and linked to the U.S. company's European operations, particularly its new plants in Spain.

An assembly plant in Zaragoza and a components plant in Cadiz took the largest slice of a $2bn investment programme announced last year.

Sr. Alvaro Barreto, the Portuguese Industry Minister, yesterday estimated that in terms of its positive contribution to Portugal's balance of payments, General Motors' latest expansion would bring in annual receipts of Es 1.8bn once the reconverted plant goes on stream in 1981.

Sr. Barreto also confirmed that Cimbor had been facing imminent closure before the General Motors agreement. However, the U.S. company has agreed to give priority to Cimbor's 200-strong labour force, which was in danger of being laid off. The Minister estimated that the new investment would create 400 new jobs.

General Motors' expansion will stimulate Portugal's efforts to have its under-developed industry fully integrated into Europe as it approaches membership of the EEC in 1983. Recent legislation for the sector, agreed to by the Portuguese Government and the European Commission in Brussels, allows for a five year transition period until 1985 during which a number of loss-making assembly and components plants would either be phased out, or taken over by larger car manufacturers.

According to Sr. Barreto, the Portuguese automotive industry is currently "demonstrating a dynamism which is unparalleled in any other sector of Portuguese industry." He estimated that in 1980 the value of exports in assembled cars and components would increase by 60 per cent over last year to Es 6.5bn.

The General Motors agreement follows the signing of an Es 30bn expansion project with Renault of France earlier this year. Portugal has also been negotiating with Ford Europe on the possibility of setting up an estimated $1bn assembly plant

Before yesterday's agreement, General Motors' existing site was an assembly plant at Azambuya, near Lisbon. In 1979, the plant assembled a total of 14,108 vehicles, namely Bedford trucks, Vauxhall Chevettes and Opel Cadets. In Portugal, General Motors is the second major exporter of commercial vehicles and lies in sixth place in domestic car sales.

Growth at Consolidated Foods

BY DAVID LASCELLES IN NEW YORK

CONSOLIDATED FOODS, the Chicago-based maker of Electrolux appliances and a broad range of foods and consumer goods, reported a 14 per cent gain in earnings for the fourth quarter, due partly to the success of its European operation.

Net income was $39.1m or $1.27 a share, compared with $34.2m or $1.05 a share in the same period last year. Sales were up only slightly, from $1.3bn to $1.38bn.

This lifted full year earnings by 15 per cent from $111.4m or $3.60 a share to $127.7m or $4.12 a share. Sales were $5.34bn, up from $4.72bn.

Mr. John Bryan, chairman, said the results stemmed from increased market share and geographic expansion of existing businesses, new products and firming prices in response to inflation.

He also singled out Douwe Egberts, its European subsidiary which produces coffee, tea and tobacco. The company had record earnings and peak sales, principally from share gains in its major markets.

However, results were depressed by a drop in sales and earnings at Electrolux, the largest company in the group. Electrolux experienced lower unit volume in both the U.S. and Canadian markets because of consumer spending cutbacks.

Hitch to Dow project in South Australia

By James Forth in Sydney

TALKS between Dow Chemical of the U.S. and the Cooper Basin gas and liquids partnership over the supply of feedstock to the planned A$900m petrochemical project at Redcliff in South Australia are believed to have broken down.

The producers are holding out for a price related to world parity for oil, but Dow is concerned that this would upset the viability of the project and wants a lower price.

The hitch comes less than two months before the October 10 deadline, which the U.S. group had set for a decision on Redcliff.

If Dow pulls out, the Japanese group Mitsui has expressed interest and is known to have already completed a feasibility study. Korea has also indicated interest in the project.

Rexnord setback

EARNINGS at Rexnord, the power transmission maker, fell 46 per cent in the third quarter of the year, our Financial Staff writes. This brings nine-month profits to $33.6m or $1.69 a share compared with $41.3m or $2.10 a share for the same period of 1979.

J. P. Stevens earnings slump

BY OUR FINANCIAL STAFF

PROFIT MARGINS tightened sharply in the third quarter at J. P. Stevens, the diversified textile group. Although sales edged forward from $448.2m to $460.8m for the quarter, net earnings slumped by 45 per cent to $8.7m or 47 cents a share.

The nine-month profit total shows a drop of 15 per cent to $27.4m or $1.93 a share. This will increase the gloom which followed predictions on Wall Street earlier this year that Stevens might earn less than $2.90 a share in 1980, compared with $3.36 a share last time.

The results now announced indicate that trading has turned difficult in the third quarter for Stevens, which earns more than 70 per cent of profits from clothing fabrics and home furnishings. A further 12 per cent came last year from the rapidly growing commercial printing division.

Despite a general tightening of margins due to reduced consumer demand in the face of higher wage and other costs, profits of the group remained firm at the half-year point with a 4 per cent gain on the comparable period last year.

In June and July, the company temporarily closed down four synthetic fibre mills to keep stocks in check. A large number of other plants were also closed for an extended July 4 holiday.

For the longer term, Stevens is expected to benefit from improving efficiency at its major textile plants, by a better product mix and an increased contribution from the printing business. Capital expenditures of some $80m have been planned for fiscal 1980, of which 70 per cent will be for plant modernisation in the textile division.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	85⅜	85⅝	−0¼	−1	13.50
CECA 11½ 88	100	94¼	94½	−0¼	−1¼	12.63
Citicorp O/S Fin. 10 86	300	89⅞	90¼	−0½	−1⅛	12.53
Con. Illinois O/S 9¾ 86	190	88⅜	88⅞	−0½	−0⅜	12.60
Denmark 11¾ 90	100	92⅞	93⅛	−0⅛	−1	13.06
Dome Petroleum 13½ 92	50	99⅜	99⅝	0	−0⅝	13.58
EEC 11 95	75	86⅞	87⅜	−0⅛	−2½	12.86
EEC 11 95	70	87	97½	0	−1	12.97
EIB 11¾ 92	90	91	91¼	−0⅛	−1¼	13.23
EIB 13¾ 90	100	101½	102	−0⅛	−1½	13.38
Eksportfinans 11⅛ 87	50	94⅜	94⅞	−0⅛	−1⅛	12.48
Eksportfinans 9½ 87	75	84⅜	85⅛	−0⅛	−2⅝	12.91
Elec. de France 10 88	125	87⅛	87⅝	−0⅛	−1¼	12.61
Export Dv. Cpn. 12¾ 87	100	99⅞	100⅜	−0⅛	−1	12.69
Export Dv. Cpn. 9½ 88	150	89	89½	−0⅛	−0⅜	12.31
Federal Dev. Bk. 12¼ 85	75	99⅝	100⅛	0	−1	12.24
Fin. Exp. Credit 10⅛ 85	50	92¼	92¾	0	−1¼	12.68
Finland Rep. of 9½ 88	100	86⅛	86⅝	−0⅜	−0¼	13.07
Ford O/S Fin. 12¼ 85	250	97	97½	−0⅛	−0⅞	13.40
George Weston 13½ 87	30	†99½	100	+0⅛	−0⅛	13.62
GMAC O/S Fin. 11 84	100	95¾	96¼	−0⅛	−0⅛	12.71
GMAC O/S Fin. 13⅛ 85	100	101⅞	102⅜	−0⅛	−1	12.72
Goodyear O/S 12½ 87	75	97⅛	97⅝	0	0	13.05
Hudson's Bay 11½ 90	75	90¾	91¼	−0⅛	−1⅛	13.17
IBM Canada 10⅛ 85	50	94½	95	−0⅛	−1	11.97
ICI Fin. Ned. 11 83	100	97	97½	0	−1	12.13
Int. Harvester 12¾ 85	115	88½	99	0	0	13.09
McGraw 13½ 85	75	99½	100	−0⅛	−0⅛	13.52
Norwest Ind. 13¾ 87	50	98½	99	−0⅛	−0⅞	13.88
Nova Scotia 10¾ 90	50	89⅞	90⅜	−0⅛	−1	12.54
OKB 10 89	90	92¼	92¾	−0⅛	−1¼	12.11
Pembroke Capital 9⅝ 87	100	†87	87½	−1¼	−4	12.48
Pemex 11½ 88	100	92½	93	−0⅛	−1	13.01
Quebec Hydro 11½ 92	100	90⅜	90⅞	−0½	−1⅛	13.06
Repsteel O/S 11½ 88	100	88	88½	−0⅛	−0⅞	14.04
Roylease Ltd. 11¼ 85	50	95¾	96¼	−0⅛	−1½	12.37
SNCF 12¼ 85	50	100⅛	100⅝	−0⅛	−0⅜	12.22
Swed. Ex. Cred. 12½ 86	40	99½	100	+0⅛	−0½	12.53
UB Finance BV 11 90	50	87¼	87¾	+0⅛	+0⅛	13.33
Unilever NV 9¾ 90	100	84⅜	84⅞	−0⅛	−2	12.54
World Bank 9⅝ 89	200	90⅛	90⅝	−0⅛	−2⅛	12.47
World Bank 10⅛ 87	300	90	90½	−1½	−2⅜	12.44

Average price changes... On day −0⅛ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 8 90	125	†101½	102½	−0¼	−1	8.68
Australia 6⅞ 90	250	101⅜	102⅛	+0⅛	−0½	7.81
BFCE 7⅜ 87	100	98⅛	99	−0⅛	−1⅞	8.02
BFCE 8⅜ 95	100	98¾	99½	−0½	−1½	8.22
Brazil 8 87	150	90⅛	91	+1¼	−2½	8.93
Council of Eur. 7¼ 89	100	98	95½	−0⅜	−0⅜	8.02
Denmark 7⅞ 88	100	†97¾	98½	−0⅜	−1	8.30
Denmark 8⅞ 92	100	†98½	99¼	−0¼	−1⅛	8.40
EEC 7⅞ 94	225	96⅞	97⅜	−0¼	−1⅛	8.22
Finland Rep. of 8 88	150	99⅜	99⅞	0	−0⅛	8.06
Iberduero SA 8 90	100	98½	98⅝	−0½	−0⅜	8.25
Kobe, City of 7⅜ 88	150	94⅞	94⅜	−0⅜	−1⅛	8.02
Kobe, City of 8 90	100	99⅜	99⅞	−0⅛	−0⅛	8.05
Mt. Bk. Denmark 8½ 90	190	99½	98⅝	−0⅛	−0⅛	8.59
Norway 7½ 89	250	98⅛	100	−0⅛	−0⅛	7.55
OKB 7⅜ 89	100	95¾	95⅜	−0⅛	−1	8.09
OKB 6⅞ 92	150	99⅜	99⅞	−0⅜	−1⅛	8.30
Oslo, City of 8¾ 90	90	102⅜	102⅞	−0	−0⅛	8.33
Sweden 9⅜ 87	200	†107⅜	107⅝	−0⅛	−0⅜	8.24
World Bank 8 90	700	98½	98	−0⅜	−1⅞	8.12
World Bank 7⅞ 90	250	97⅜	97⅞	−0⅜	−1⅛	8.24
World Bank 10 96	150	107⅝	108⅛	0	−0⅜	8.19
World Bank 10 90	200	110⅛	110⅝	−1	−1⅛	8.36

Average price changes... On day −0⅛ on week −1½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentine 5½ 89	90	†90	91	−0⅞	−0⅜	5.97
Bergen, City of 4¾ 91	40	91½	91¾	−0⅝	−1⅞	5.81
Bergen, City of 8 90	50	101⅜	101⅞	+0⅛	−2	5.76
BNOE 5 89	75	83⅜	83⅝	+0⅜	0	7.62
BMW Overseas 4¾ 91	100	92½	92¾	−0⅛	−0⅛	5.14
Buhrm'n-Tetterode 7 90	40	104⅛	104⅜	+0⅛	−0⅛	6.39
Caisse Nat. Tels. 4¾ 89	100	93½	93¾	0	−0⅞	5.28
Copenhagen 4½ 91	80	86½	86¾	−0⅛	−1⅜	6.20
Council of Eur. 5 89	100	94⅜	85	+0⅛	−0½	5.73
Denmark 5¾ 90	80	99⅛	99½	−0½	−0⅛	5.83
EIB 4⅝ 84	100	92⅜	89¼	−2⅜	−3⅜	8.23
Elec. de France 4⅜ 89	100	93¾	94	−0⅜	−0⅞	5.25
F. G. N. Hypo. Bk. 8 90	50	†103	103½	0	−1⅜	5.56
GZB 4¾ 88	100	86⅝	87	−0⅜	−2⅜	6.17
Hilti 4½ 81	35	91¼	91½	−1⅛	−2⅝	5.79
Int.-Amer. Dev. 4½ 89	100	89½	89¾	−0⅜	−1⅛	6.03
Int.-Amer. Dev. 7 90	80	105	105⅜	0	−0⅜	6.27
Jutland Tele. 5½ 90	50	97⅛	97½	−0⅛	−0⅝	6.86
Malaysia 5 89	80	†86½	87	−0⅞	−1⅜	7.01
Newag 5¾ 90	80	100⅛	100⅜	+0⅛	−1¼	5.68
Nippon Tel. & T. 4¾ 89	100	92	92½	−0½	−1½	5.35
Nordic Bank 5 89	45	94	94⅜	0	−1⅛	5.86
Norges Komm. 4⅜ 91	100	87½	87¾	−0⅛	−2½	5.92
OKB 4⅛ 91	100	86½	86¾	−0⅜	−3⅜	6.06
OKB 8 90	100	100⅞	101⅛	+0¼	−0⅜	5.85
Oslo, City of 4⅜ 91	100	†86½	87	+0⅜	−1⅜	6.04
Sekisui Pre. Hms. 8 90	80	103⅛	103⅜	+0⅛	0	5.56
Shikoku El. Pwr. 4¾ 89	100	92½	88	+0⅜	−0½	6.81
World Bank 4⅝ 89	100	95⅜	95⅞	+0⅛	−0⅜	5.23
World Bank 4⅜ 89	150	87½	87¾	−0⅛	−2⅝	6.20
World Bank 4⅜ 91	100	87½	87¾	+0½	−1⅞	8.19

Average price changes... On day −0¼ on week −1⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 83	30	81¼	93⅛	0	−0⅛	8.43
Australia 6½ 88	20	87⅞	89⅛	−0⅛	−0⅛	8.64
EIB 7¾ 89	12	96⅛	98	−0⅜	0	8.21
Finland 5 6 83	10	91	92⅞	−0⅛	−0¼	8.73
Finland 6.9 88	18	88	89¼	−0⅛	−0⅜	8.94
Finland, Rep. of 8⅜ 87	15	97	98⅜	+0⅛	0	8.84

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	90	92⅛	92¾	0	−0⅞	12.67
CIBC 13½ 85 C$	50	†100	100½	−0½	−1½	13.37
CIBC 11½ 85 C$	60	†94⅛	94⅜	−1¼	−1¼	13.07
Federal Dev. 11½ 90 C$	60	†91	91¼	−0⅛	−0⅛	13.09
Fst. Can. Inv. 10 84 C$	50	†91⅛	91¼	−1⅛	−0⅜	12.98
GMAC 12 85 C$	50	*†97½	98	0	0	12.62
R. Bk. Canada 10 86 C$	40	92	92½	−0⅛	−0½	11.92
Tordom Cpn. 13½ 85 C$	30	†100½	101	0	−0⅛	13.23
M. Bk. Dnmk. 8 91 EUA	25	93⅞	95⅛	0	0	9.82
SOFTE 8⅜ 89 EUA	40	88⅜	89½	0	+0⅛	10.24
U. Bk. Nrwy. 9½ 90 EUA	18	99	100⅛	0	0	6.54
Algemene Bk. 8¼ 84 Fl	75	95⅜	96⅜	0	−0½	8.52
Algemene Bk. 10⅛ 87 Fl	400	100	100½	0	−0⅛	10.19
Bk. Mees & H. 10 85 Fl	75	99	99½	0	−0⅛	10.18
Heineken NV 10 87 Fl	75	89⅞	100⅛	0	−0⅛	8.96
Norway 8¾ 84 Fl	100	96⅛	96⅜	0	−0⅛	8.36
Philips Lamps 8¼ 84 Fl	75	95⅜	95⅞	−0⅛	−1	8.80
Aero Paris 13⅞ 87 FFr	160	99½	100⅛	−0⅛	−0⅛	13.16
Air France 11 84 FFr	120	96⅜	97⅜	0	+0⅛	11.93
CECA 14⅛ 86 FFr	150	105⅛	106⅜	+0⅛	0	12.61
Finland 11 84 FFr	80	93⅜	94¼	0	−1⅜	12.90
Finland 11½ 89 FFr	70	83	84	0	−0⅛	12.73
Gaz de France 11 84 FFr	150	95⅛	96⅛	0	0	12.29
IBM France 11⅞ 84 FFr	120	95⅜	96⅛	−0⅛	−1⅞	13.17
Renault 9¾ 85 FFr	100	88⅜	89⅜	0	+0⅛	13.00
Solvay et Cie 9¾ 87 FFr	125	85	86	0	−0½	13.12
Utd. Mex Sts. 14 86 FFr	150	100⅜	101⅜	0	−0⅛	13.89
Beneficial Fin. 14¼ 90 £	20	97⅜	97⅝	−1⅛	−1⅛	14.74
Citicorp O/S 13½ 90 £	50	97½	98¼	−0⅛	−0⅛	13.88
EIB 11½ 91 £	25	89⅞	90⅜	−0⅛	−1⅛	13.23
Fin. for Ind. 12½ 89 £	30	94½	95½	−0⅛	−0⅛	13.45
Fin. for Ind. 14½ 88 £	20	100⅛	101⅛	−0⅛	−0⅛	14.28
Gen. Elec. Co. 12½ 89 £	50	95⅜	96⅜	−0⅛	−2⅜	13.27
Peugeot SA 14 90 £	23	96⅞	97⅜	−1⅛	−1⅜	14.55
Swed. Ex. Cr. 15⅜ 85 £	20	101⅞	102⅝	−0⅛	−1⅛	14.48
Sanobras 8¼ 90 KD	7	†84⅛	94⅞	0	0	8.10
CCCE 8⅜ 91 KD	10	†94⅜	94⅜	0	0	8.96
Sonatrach 8½ 90 KD	12	†95⅜	93⅜	0	0	6.57
Akzo 9¾ 87 LuxFr	500	94⅜	95⅜	0	−0⅛	10.23
Euratom 8 87 LuxFr	500	88¼	89⅞	+0⅛	−0⅛	10.28
Euratom 9¾ 88 LuxFr	500	98⅜	99⅜	0	−0⅛	9.98
EIB 9¾ 88 LuxFr	600	98¼	99⅜	0	0	8.90
Volvo 9¾ 87 LuxFr	500	96⅛	97⅛	0	−0⅛	10.42

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0⅛	97⅞	98⅜	2/1	10.44	10.64
Bank of Ireland 5¾ 88	‡0⅛	97⅞	98⅜	21/11	11¼	11.62
Bank of Tokyo 5¾ 89	‡0⅛	96⅜	97⅛	25/10	9⅜	9.54
Barclays O/S Inv. 5 90	0⅛	96⅞	97⅜	13/12	9⅜	8.91
Bergen Bk. A/S 8 89	‡0¼	97	97½	29/8	10	10.28
Bilbao Int. NV 5¾ 90	0¼	96½	97⅛	29/11	10.08	10.39
Citicorp O/S F. 83	§‡0	89	99½	23/11	11.44	11.52
Citicorp O/S F. 84	‡0	98½	99	30/8	9⅜	8.87
C. Itoh 5¾ 87	0¼	99⅛	99⅜	18/8	18.44	18.65
Co-operative Bk. 6 86	0⅛	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0¼	97⅛	97⅜	14/8	8.44	8.68
CNT 5¾ 86	§0¼	100	100⅛	16/10	18⅛	18.08
GZB 5½ 88	‡0⅛	97½	98	1/11	8.81	10.04
Jugobanka 8 89	0⅞	90	92	23/11	11¼	12.77
Ind. Bank Japan 5¾ 87	0⅛	99⅜	99⅜	15/10	18⅜	18.84
Lloyds Eurofin 8 90 £	0¼	95⅞	96⅜	3/1	15¾	16.38
LTCB Japan 5¾ 86	0⅛	97⅛	98⅛	13/12	9⅜	8.82
LTCB Japan 5½ 89	0⅛	97⅜	98⅛	7/12	10¼	10.34
Mfrs. Han. O/S 5¾ 94	‡0⅛	97⅛	97⅜	31/8	9⅞	10.12
Midland Intl. Fin. 5 89	0⅛	97⅛	97⅜	20/12	9½	8.76
Midland Intl. Fin. 5¾ 92	0⅛	97⅛	97⅜	5/12	10⅞	11.17
Nacional Fin. 6¼ 86	0¼	97⅛	97⅜	25/1	8.69	8.94
Nat West 5¾ 94	§0¼	98	98½	11/10	18⅜	18.77
Nippon Credit 6½ 86	0⅛	97⅛	97⅜	12/1	9.56	9.81
Nippon Credit 5¾ 87	‡0¼	97⅜	98⅜	6/11	10⅞	11.08
Royal Bk. Scot. 5⅞ 94	§‡0⅛	98	98½	11/10	9.31	8.48
Soc. C. de Bque. 6½ 87	0⅛	98	99½	3/10	20.06	20.21
Standard Chart. 5¾ 90	0⅛	98⅜	98⅝	6/9	17¼	17.45
Svenska Hndlsbk. 5 87	0⅛	97⅜	98⅛	15/1	10	10.20
Sweden 8¼ 21	‡0⅛	†95⅞	98⅛	18/10	9.56	8.95
Williams & Glyn 5¾ 81	0¼	98⅜	98⅜	14/8	18½	[illegible]
Bq. S. d'Alg. 4⅝ 88 SF	0⅛	†87	88	18/12	6⅛	7.00

Average price changes... On day 0 on week −0¼

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†114	116	−1	−2.62
Ajinomoto 7¾ 95	2/80	615 5	115⅜	116⅜	+0¼	−8.15
Alco Int. Fin. 9½ 94	1/80	40	†94½	95½	0	17.83
Apache I. Fin. 8¾ 95	12/90	21.12	†122¼	123½	+5½	−4.23
Asahi Optical 7 94	11/79	526.1	†95½	96½	0	−4.44
Blocker Energy 8¾ 95	1/81	21.87	†97½	98½	−0⅛	7.19
Canon 6⅜ 94	8/79	570	†110	111	+0½	0.24
Credit Suisse 4¾ 93	10/79	1278	107	109	0	−3.30
Daiei Inc. 6½ 94	11/79	927.3	†97½	98½	−0½	21.66
DOKK 11 90	4/80	324	†102½	103½	0	11.62
Dynalectron 9½ 95	8/80	12.22	†107½	108½	+1½	−2.24
Enserch Fin. 9½ 94	7/80	30.25	125½	126½	−0⅜	−0.87
Inchcape Ltd. 8 89	2/81	4.55	100⅜	101⅛	−0⅜	−0.76
Meidensha Elec. 7 94	12/79	210	†99½	100½	−0⅜	0.13
MEPC 8¼ 96	2/81	2.47	104	105	−0¼	8.98
Mitsubishi Cp. 6½ 94	10/79	549.1	129	130½	+2½	−0.12
Ricoh 6⅞ 95	8/80	604	101	102	−0½	3.08
SAC 6¼ 90	8/80	200	98⅞	99⅞	−0⅜	5.45
Toshiba Cpn. 7¾ 94	10/79	198	†104	105	0	−2.97
Union Bk. Switz. 5 89	2/80	121.4	98¾	100⅜	−0½	1.99
Fujitsu 5 84 DM	7/79	475	107	108	+0⅜	2.59
Sharp Cpn. 6½ 88 DM	8/80	595	103⅜	104⅜	−0½	2.42
Uny Co. 6½ 86 DM	11/79	1071	98⅜	99⅜	+0⅛	20.76

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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U.S. QUARTERLIES

GENESCO

	1980 $	1979 $
Fourth quarter		
Revenue	187.9m	200.2m
Net profits	†0.14m	†9.92m
Net per share	†0.07	†0.85
Year		
Revenue	834.7m	892.9m
Net profits	3.45m	†7.96m
Net per share	0.02	†0.91

† Loss

McDONOUGH

	1980 $	1979 $
Second quarter		
Revenue	93.8m	100.8m
Net profits	1.23m	3.08m
Net per share	0.31	0.77
Six months		
Revenue	203.1m	209.8m
Net profits	4.46m	9.45m
Net per share	1.12	2.36

This announcement appears as a matter of record only

European Coal and Steel Community ("ECSC")

U.S. $25,000,000 Notes 1987

Daiwa Securities Co. Ltd.

Bank of Tokyo International Limited

LTCB International Limited

The National Commercial Bank (Saudi Arabia)

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)

Kyowa Finance (Hong Kong) Limited

DBS-Daiwa Securities International Limited

August, 1980

U.S. $25,000,000

Bergen Bank A/S

Floating Rate Capital Notes Due 1989

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 29th August, 1980 to 28th November, 1980, the Notes will carry an Interest Rate of 12¼% per annum. The relevant Interest Payment Date will be 28th November, 1980 and the Coupon Amount per U.S.$1,000 will be U.S.$30.97

Credit Suisse First Boston Limited
Agent Bank

U.S. $100,000,000

Manufacturers Hanover Overseas Capital Corporation

Guaranteed Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 29th August, 1980 to 28th November, 1980, the Notes will carry an Interest Rate of 12⅜% per annum. The relevant Interest Payment Date will be 28th November, 1980 and the Coupon Amount per U.S.$1,000 will be U.S.$30.65.

Credit Suisse First Boston Limited
Agent Bank

This announcement appears as a matter of record only

banap

Banco Nacional de Ahorro y Préstamo

US $100,000,000

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ASSOCIATED JAPANESE BANK (INTERNATIONAL) LIMITED
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BANQUE DE L'INDOCHINE ET DE SUEZ
BANQUE INTERNATIONALE A LUXEMBOURG S.A.
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June 1980

AIR PORTUGAL

The long haul route to recovery

BY JIMMY BURNS IN LISBON

FEW PORTUGUESE companies can have experienced such recent mixed fortunes as Air Portugal, Portugal's State-owned national airline. Last summer the company was looking forward to a bright future. Today its financial plight is shaking the confidence of a Government heading towards an autumn general election.

It was last summer that TAP (Transportes Aereos Portugueses) changed its name, and its colours, to Air Portugal. The airline's aircraft were spruced up with bold new colours, cabin and ground staff were presented with new uniforms and the word punctuality was firmly locked into the official vocabulary.

The facelift was planned alongside a financial recovery scheme aimed at putting the airline into the black by 1985. At the same time Air Portugal's management committed itself to an ambitious expansion programme and initiated negotiations for the purchase of 16 wide-body aircraft to bolster its international fleet.

After years of being submerged in virtual obscurity, Air Portugal seemed poised to take its place in the highly competitive field of international travel.

Yet today Air Portugal finds itself in the most critical financial situation of its 36 years of existence with the bold plans of yesterday largely relegated. The financial recovery scheme is being reassessed, the expansion programme has been shelved, and the company as a whole finds itself in a straightjacket of Government intervention.

Last month the Government took over direct responsibility for the airline, declaring it a company in "economic difficulties." Under Portuguese law this gives the Government, through the intermediary role of management, exceptional powers such as a freeze on salaries and an increase in working hours without compensation.

Air Portugal's current difficulties stem most directly from last month's crippling three week pilots' strike. This cost the company an estimated Es 1.4bn ($28m) in lost revenue at a time when losses from operations were mounting anyway. In the first three months of this year the company lost Es 1.2bn compared with a deficit of Es 2.3bn for 1979 as a whole.

In common with other world airlines, Air Portugal's poor performance has its roots in the oil crisis of 1973, the hike in the price of fuel and the recession in air travel which followed. But in Air Portugal's case the impact of all this was more dramatic as the world recession coincided with Portugal's own political and economic upheavals after the revolution of 1974.

In 1974 one of the airline's most profitable sources of revenue, travel to and from Portugal's African colonies, accounted for 45 per cent of Air Portugal's total traffic. But with decolonisation in 1976 the African link was practically severed, leaving the company ill-equipped to diversify into new markets. On the domestic front the first years of revolutionary turmoil and nationalisation brought along wage increases, an inflated labour force and increasingly poor industrial relations.

Successive governments, meanwhile, refused to take the politically dangerous step of raising domestic travel prices, to meet the increased costs of fuel. The company's troubles were not helped by political interference in management affairs, which was reflected in seven board changes over the succeeding six years.

Sr. Jose Viana Baptista, Portugal's Minister of Transport has justified the latest Government intervention in Air Portugal's affairs on the grounds of "exceptional circumstances." According to Sr. Baptista, the accumulated losses of the airline after last month's strike meant that Air Portugal was facing bankruptcy.

However, it appears that the Government has now backed away from its earlier threat to close down the company: to lay lay off 10,000 workers in one of the few Portuguese companies boasting an international image would have almost certainly cost the ruling coalition party votes in October's general election.

According to Sr. Baptista the Government is preparing a new financial recovery scheme which should allow the airline "to be back on its feet" by the end of the year. In view of the losses incurred as a result of the pilots' strike projections for the next five years are being revised. However, the general principles of the new scheme will be similar to the original in that the Government will accept financial responsibility for the airline.

As a first step the banking system is to be told to facilitate the conversion of Air Portugal's short-term debt into long-term debt: it was recently revealed that the Airline owed Petrogal, the national oil company, some Es 5bn, the equivalent to about 18 months' fuel supply.

The Government is also preparing a major reassessment of Air Portugal's present markets. Sr. Baptista expects to rationalise the company's transatlantic operation. And major changes are also expected on the domestic front. The price of mainland domestic flights will probably be increased.

The labour pool created by these changes is expected to be asborbed by new routes, taking in the Gulf, Latin America and parts of Africa.

Clearly, though, the Government will need to look beyond its immediate electoral interests if a more lasting remedy for Air Portugal is to be found.

With the latest Government intervention Sr. Baptista is hoping to put Air Portugal's finances on a more sound footing and avoid future demands for State aid. The one message that the present Portuguese Government has tried to drive home is that the State is not there to back losers.

August 6, 1980 This announcement appears as a matter of record only

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, WASHINGTON, D.C.

DM 200,000,000

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Arranged by

LANDESBANK RHEINLAND-PFALZ
— Girozentrale —

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Landesbank Schleswig-Holstein Girozentrale
Landesbank Saar Girozentrale
Staatliche Kreditanstalt Oldenburg-Bremen
Landesbank Rheinland-Pfalz — Girozentrale —

Dull start to year by W. German engineer

By Kevin Done in Frankfurt

MANNESMANN, the West German steel and engineering group, which is deeply embroiled in an argument with the trades unions over worker co-determination, has also had little joy on the business front in the first six months of the year.

Turnover in the first half of 1980 moved ahead only slowly by 3 per cent to DM 5.58bn and the group achieved no improvement of last year's profit level in the first six months.

It takes some comfort, however, from the fact that its machinery building and process plant divisions have not yet been hit by the slow-down in the West German market and the gathering recession overseas.

Mannesmann's pipe manufacturing operations managed to enlarge its order books, but the new work is still being taken at too-low a price to make any impact on group profitability.

Mannesmann said yesterday in an interim report to shareholders that the main impetus for increased sales this year has come from the domestic market. Both direct exports and exports to Mannesmann foreign subsidiaries had fallen in the first six months.

Steel pipe production — Mannesmann is hoping to gain the chief contract for the manufacture of the USSR's next major natural gas pipeline to Western Europe—fell by no less than 17 per cent in West Germany, because of high stock levels of large diameter pipes. Its foreign-based pipe production increased substantially, however, by 21 per cent.

Electrolux lifts first-half earnings

BY WESTERLY CHRISTNER IN STOCKHOLM

DESPITE the May labour conflict in Sweden, Electrolux, the household appliances group, increased its pre-tax result by 14 per cent to SKr 501m ($120m) for the first half of 1980.

Consolidated sales amounted to SKr 8.14bn, a rise of 20.6 per cent. Excluding acquisitions, the increase amounted to 12 per cent. Sales abroad accounted for 76.5 per cent of total turnover, against 75.3 per cent.

During the second half it is expected that earnings will increase at a slower pace as a result of weakened demand, particularly for household products in the EEC and the U.S. However, the forecast made in May of 10 per cent growth in pre-tax profits for 1980 as a whole is expected to remain valid. Last year Electrolux earned SKr 915m before tax.

Financial charges during the January-June period amounted to SKr 267m compared with SKr 146m. The rise was caused by higher interest rates and acquisitions, the most important of which has been the purchase of Gränges, the Swedish metals and engineering group.

Group operating profit after depreciation for the six months totalled SKr 768m, a 31 per cent increase. Investments in property, plant and equipment during the period rose by SKr 134m to SKr 442m.

● AGA, the industrial gas and heat engineering group, has reported a 35 per cent increase in pre-tax profit to SKr 162m ($38.7m) in the first half of 1980 and expects to reach SKr 350m-375m overall, writes William Dullforce. This would equal the 20 per cent improvement forecast at the general meeting in May.

First-half group sales advanced by 19 per cent to SKr 2.16bn ($513m) after the adjustment of the 1979 figures for the sale of AGA's radiator business to Stelrad, a subsidiary of Metal Box of the UK.

During the first six months AGA's smaller industrial operations were grouped into a separate legal unit named Pharos. The board now proposes to make a rights issue to shareholders in the autumn corresponding to 40 per cent of the capital in Pharos. At the same time, it will seek a listing for Pharos.

Sales by AGA's gas division climbed by 17 per cent to SKr 1.18bn during the half-year and gave an operating profit of SKr 179m, ahead by SKr 46m.

Frigoscandia, the refrigerated transport division, showed an operating profit down by SKr 12m to SKr 8m despite a 15 per cent growth in turnover to SKr 447m. But the management expects operating profits for the year as a whole to come close to last year's SKr 78m.

In the heat engineering division, sales advanced by 19 per cent to SKr 293m and the operating profit to SKr 16m from SKr 10m. The division is expected to double operating income to SKr 38m this year.

Dutch insurance group increases net profit

BY OUR FINANCIAL STAFF

AMEV, the second largest insurance group in the Netherlands, reports a 14 per cent rise in net profits to Fl 54.4m ($27.7m) for the first half of 1980 and reaffirms its forecast of growth of more than a tenth for the year as a whole.

Total income has moved up to Fl 1.4bn from Fl 1.21bn, and the company is maintaining an interim dividend of Fl 2.40 a share on increased capital. Net profits in 1979 totalled Fl 115.1m.

The half year results suggest that the company has experienced slacker trading conditions in the second quarter. After the opening three months of 1980, net earnings were running some 19 per cent ahead at Fl 24.7m.

Amev is largely a life company with premium income from life assurance representing around 60 per cent of total revenue.

● Shipping group, Van Ommeren, has more than doubled net profits for the first half of 1980 and plans to pay a higher interim dividend.

Helped by extraordinary gains, net profits rose to Fl 48.8m ($24.9m) from Fl 18.4m, lifting earnings at the per share level to Fl 4.71 from Fl 1.96 in the opening half of 1979.

The interim dividend is effectively going up from Fl 0.60 a share to Fl 1 on increased capital.

Operating profits rose to Fl 74.2m from Fl 37.8m and extraordinary gains of Fl 13.3m compared with losses in 1979 of Fl 1.6m.

The company explained yesterday that the upturn in profits reflected continued favourable conditions on dry cargo runs.

Government commissioner expected for Indesit

BY RUPERT CORNWELL IN ROME

A GOVERNMENT-appointed commissioner is expected to be sent in to run the financially troubled Indesit domestic appliances group, Italy's second largest in the sector after Zanussi.

This seemed the most likely outcome of a board meeting of the company being held yesterday to decide on its future. Indesit has debts of around L150bn (£73m) to subcontractors and suppliers.

Further elements in the salvage are likely to be a write-down of the group's L20bn capital, and the effective withdrawal of Sig Armando Campioni, Indesit's founder and largest single shareholder with 60 per cent of its equity.

The plight of Indesit, and the threat to the jobs of its 12,000 workforce at plants clustered around Turin in the north and Caserta near Naples in the south, has been one of the most acute industrial problems facing the Government.

The urgency of the situation stems from the bankruptcy proceedings brought by three unpaid suppliers, due to be held in four weeks time. The appointment of a commissioner is seen as the only practicable means of preventing the winding up order which would normally be the consequence of the bankruptcy suit.

The Indesit threat has been particularly keenly felt in Turin, which in any case faces a rough autumn if the widespread predictions of a slump in the car market and consequent layoffs at Fiat, the city's largest employer, are borne out.

Manufrance ultimatum to Government

By David White in Paris

THE BOARD of Manufrance, the ailing retail and manufacturing group, has issued an ultimatum to the Government warning that the company will have to file for bankruptcy if promised state funds are not forthcoming by September 8.

After a meeting in Paris, Manufrance directors said that the inter-ministerial committee which would channel the FFr 150m ($36m) aid offered by the Government had reacted favourably to the latest version of their recovery programme.

But they were insistent that they would not make new alterations to the plan and, above all, would not envisage extra redundancies.

It was over the number of redundancies that the discussions with the state earlier broke down. The recovery plan, which splits up the retail and production branches and drops almost the whole of Manufrance's network of shops, involves shedding about 400 jobs. Unions and the Communist-dominated local government of Saint-Etienne have made clear they will not stand for additional cuts.

The Government's offer was made on condition that a new management team was set up, that shareholders put up more funds and that a realistic recovery programme was presented.

Manufrance's main shareholder, the Macif insurance group, has withdrawn both from the board and from further financial participation in the rescue bid, stating that it does not intend to carry responsibility.

JOINT COMPANY ANNOUNCEMENT

Johannesburg Consolidated Investment Company, Limited

Rustenburg Platinum Holdings Limited

(Both incorporated in the Republic of South Africa)

Sir Albert Robinson, Chairman of Johannesburg Consolidated Investment Company, Limited and Rustenburg Platinum Holdings Limited, has expressed the wish to retire as Chairman of these companies on the 31st December 1980. These Boards have accepted his resignations with regret.

Sir Albert has agreed to remain a Director of Johannesburg Consolidated Investment Company, Limited.

Mr. G. H. Waddell, who is Deputy Chairman of Johannesburg Consolidated Investment Company, Limited and Rustenburg Platinum Holdings Limited, has accepted an invitation from these Boards to succeed Sir Albert as Chairman on the 1st January 1981. He will also succeed Sir Albert as Chairman of Consolidated Metallurgical Industries Limited.

Sir Albert, who is a Director of Anglo American Corporation of S.A. Limited, has accepted an invitation to resume his seat on the executive committee of that company from 1st January 1981. He will continue as Chairman of Australian Anglo American Limited, and as a member of the Board of Anglo American Zimbabwe Limited and its associated companies.

Johannesburg.
27th August 1980.

هكذا من الأصل

All of these securities having been sold, this advertisement appears as a matter of record only.

$100,000,000

First International Bancshares, Inc.

7¾% Convertible Subordinated Debentures due 2005

The Debentures are convertible at the option of the holder thereof, unless previously redeemed, into Common Stock of First International at $51.50 per share of Common Stock, subject to adjustment under certain circumstances.

Goldman, Sachs & Co.

The First Boston Corporation

Merrill Lynch White Weld Capital Markets Group
Merrill Lynch, Pierce, Fenner & Smith Incorporated

Morgan Stanley & Co. Incorporated
Salomon Brothers
Bache Halsey Stuart Shields Incorporated
Bear, Stearns & Co.
Blyth Eastman Paine Webber Incorporated
Dillon, Read & Co. Inc.
Donaldson, Lufkin & Jenrette Securities Corporation
Drexel Burnham Lambert Incorporated
Keefe, Bruyette & Woods, Inc.
Lazard Frères & Co.
L. F. Rothschild, Unterberg, Towbin
M. A. Schapiro & Co., Inc.
Shearson Loeb Rhoades Inc.
Warburg Paribas Becker A. G. Becker
Wertheim & Co., Inc.
Rauscher Pierce Refsnes, Inc.

August, 1980

SIME DARBY

Earnings outpace plantation gains

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY BERHAD, Malaysia's biggest company, raised its pre-tax profit by 22 per cent to 366m ringgit (U.S.$ 125m) in the year to June 30, on turnover increased by 28 per cent to 2.32bn ringgit (U.S.$1.1bn). Profit after tax was 165.6m ringgit, up 28 per cent.

Sime's plantation division has made a relatively small contribution to the group profits, as a result of poorer commodity prices.

However, this slowdown in the plantation sector was offset by the buoyant performance in its tractors division, and its Asean and Pacific Basin division.

Earnings from plantations grew by 8.6 per cent to 145m ringgit, while those of the tractors division rose by 34 per cent to 80m ringgit, and the Asean and Pacific Basin division's by 226 per cent to 19.6m ringgit, out of which 6m ringgit came from the sale of the Delta House building in Singapore.

In percentage terms, contributions from plantations dropped to 54.4 per cent of overall group profits before tax, from 61 per cent in 1979, while earnings from tractors rose to 30 per cent from 27 per cent, and the Asean and Pacific Basin to 7.3 per cent from 3 per cent.

A good performance was also shown in the group's Hong Kong operations with earnings up 20 per cent to 29.3m ringgit, while the Western division swung back into the black, with a small profit of 400,000 ringgit.

Sime's palm oil refining operations doubled their volume of output, but margins were squeezed by rising costs, while the group's interests in India (represented by Shaw Wallace) suffered an 8 per cent decline in profits.

A final dividend of 8.5 Malaysian cents is declared, making a total of 13 cents for the year, a 15 per cent increase over 1979.

Sime has also released the results of its two major subsidiaries—Consolidated Plantations and Tractors Malaysia Berhad.

Pre-tax profit of Consolidated Plantations rose by 7.3 per cent to 99m ringgit, on a turnover up 14 per cent to 239m ringgit, with profit margins being eroded by higher costs, particularly labour and fertilisers. After-tax earnings were 3.6 per cent lower, at 63.4m ringgit, reflecting a large non-recurring surplus from extraordinary items in the previous year.

The sale of palm oil and palm kernel rose by about 8 per cent, to 119,000 tonnes and 25,000 tonnes respectively, while prices obtained for both products were 5 per cent better.

Rubber sales were down about 4 per cent to 26.7m kilogrammes, but this was more than offset by a 23 per cent increase in price, to 2.34 ringgit per kilogramme.

Cocoa sales, on the other hand, rose sharply, by 60 per cent to 431,000 kilogrammes, while the price fell 12 per cent to 5.96 ringgit per kilogramme.

Consolidated Plantations is paying a final dividend of 11 Malaysian cents, making 18 cents for the year compared with 17.3 cents in 1979.

Tractors Malaysia reported a rise of 34 per cent in pre-tax earnings, to nearly 80m ringgit, with turnover rising 44 per cent to 634m ringgit. After-tax profit was 41m ringgit.

Tractors, with its Caterpillar distributorship, continued to dominate the heavy equipment market in Malaysia and Singapore, and benefited substantially from the buoyant conditions in the construction industry in the two countries.

The company is paying a higher dividend, and is making a scrip issue on a one-for-two basis, raising the paid-up capital to 96m ringgit. The final dividend will be 37.5 cents, making 50 cents for the year, against 40 cents in 1979. The new shares will not rank for the final dividend.

No payment until 1985, Trust Bank warns

By Our Johannesburg Correspondent

TRUST BANK, South Africa's fifth largest bank, warns that although profits are rising strongly present indications are that the bank will not pay a dividend until 1985.

During the year to June 30, Trust Bank increased its net profit (after tax and transfers to contingency reserves) by 282 per cent to R12.25m ($15.5m) from R3.21m. The increase is attributed to an improved national economic climate, suitable financing arrangements made for the company's troubled property investments, and benefits from the almost complete restructuring of the bank.

However, though the South African property market has improved over the past year, management cautions that the bank's property involvement is of such an extent that it will be several years before the property portfolio can be decreased to a level where it will yield an acceptable return. Until then, the bank's contingency reserve will continue to be strengthened by maximum possible transfers from annual profits.

During fiscal 1980, R8.4m was transferred to disclosed reserves from a profit of R8.41m attributable to ordinary shareholders.

In Johannesburg Trust Bank shares are currently trading at 155 cents.

Support for foreign bank entry

BY JAMES FORTH IN SYDNEY

A COMMITTE appointed by the Government to overhaul Australia's financial system has indicated that there is widespread support for the entry of foreign banks.

The interim report of the Committee of Inquiry into the Australian Financial System, headed by Mr. Keith Campbell, notes that it has been Government policy not to allow foreign interests to operate banks in Australia.

The interim report sets out the issues raised in submissions but does not contain any recommendations or draw any conclusions. These will be included in the final report, expected early next year.

The report says it is widely acknowledged that foreign banks could have a place in the Australian banking system at some time in the future, although views differed significantly on the appropriate timing of entry.

The Australian banks felt they should have more time to adjust to any new regulatory and competitive structure before having to meet competition from foreign banks in the general banking arena.

"Many of those favouring the early participation of foreign banks believe, nevertheless, that it should be on a more restrictive basis to that of locally-owned banks," the report states.

It said that the foreign banks most interested in an Australian banking operation were "typically very large, with considerable market presence in status, particularly in international money markets." Few had expressed interest in a local retail banking operation. An important concern of the committee was that any foreign bank operation should not compromise the scope for effective economic policy.

The comprehensive 570-page report canvasses issues covering financial institutions and the capital markets, the regulatory controls and the role of the Reserve Bank, Australia's central bank. The need for a freer and more compatitive financial system, with less Government involvement, is a recurring theme of submissions to the Campbell Inquiry.

Sentrachem doubles its income

BY JIM JONES IN JOHANNESBURG

SENTRACHEM, South Africa's second largest chemicals group, more than doubled pre-tax profit to R77.2m ($101.91m) in the year to June 30 compared to R38.4m last year. Turnover was 82 per cent higher at R430.2m ($567m), compared to R236.5m.

The figures are not strictly comparable as Sentrachem's results incorporated those of the fertiliser manufacturer Federale Kunsmis (Fedmis), a new acquisition during the second half of the fiscal period. However, the management is confident that the present year will result in more growth in pre-tax and distributable profit.

Mr. David Marlow, the managing director, said that the demand for chemical products has far outstripped the country's growth in gross domestic product. He said that the prospects for South Africa's economy were good for at least another year and was confident that Sentrachem's R300m expansion programme will make an important contribution to the company's growth.

Although the 40 per cent-owned Coalplex pvc operation (AECI, the country's largest chemicals group, has the other 60 per cent) is operating profitably, a positive contribution has yet to be made to Sentrachem's results. Sentrachem's 40 per cent participation was funded through debt, and profits from Coalplex have yet to exceed the cost of the borrowings.

A total dividend of 33 cents compared to 23 cents has been declared from earnings per share of 66.2 cents as against 40.9 cents, reflecting the increase in the number of shares issued to 89.5m from 55.6m after the acquisition of Fedmis. In Johannesburg, Sentrachem shares are trading at 910 cents.

Electric utility plans record HK rights issue

By Philip Bowring in Hong Kong

HONGKONG Electric Holdings is making the biggest rights issue that Hong Kong has ever seen. It proposes to issue one ordinary share for every four held, to raise a total of HK$785m (equivalent to about US$160m). The issue is being underwritten by Jardine Fleming and Wardley. Only last December the company set a new rights issue record when it made an issue of a HK$635m loan stock with warrants.

The loan stock issue was to provide the major portion of finance for a new power station the company is building. But in its statement yesterday the group said that the loan stock together with suppliers' credits and bank borrowing related to the project had greatly increased the debt to equity ratio. At mid-1980, this exceeded 1:2 for the first time and was rising as the investment programme continued. At December, 1979, shareholders' funds were HK$1.58bn and term-debt HK$650m.

The company said that it wanted to keep the debt ratio down to "a level more traditionally associated with the group." The rights price of HK$4.95 compares with a pre-announcement market price of HK$7.10.

The rights statement accompanied Hongkong Electric's announcement of its results for the six months ending June. Profit after tax rose 38 per cent to HK$105.9m (US$21.4m) on turnover up 59 per cent to HK$617m (US$125m). Earnings per share rose 38 per cent to 22.9 cents. The interim dividend is being raised from 9 cents to 11 cents.

For the full year, the group forecasts "that profit will be not less than 30 per cent up on last year's HK$274m, and that the final dividend will be not less than 16 cents, against 14 cents, on capital increased by the rights issue.

The company said that no further calls on shareholders were expected in connection with the power station project, for which contracts at fixed prices had been concluded. The project, which had been speeded up in order to quicken Hong Kong's shift from oil to coal-fired generation, would meet electricity requirements to the mid-1980s.

HK Electric's profits from electricity are limited by the conditions of its franchise. However, the controls, based on return on fixed assets not on shareholder funds, are currently set at 15 per cent. The group also has property and electrical good retailing activities which are outside the franchise controls.

● Hutchison Whampoa announced earlier this week that its rights issue of HK$600m (U.S.$121m) 9 per cent unsecured loan stock 1989/93 with warrants at par had been heavily oversubscribed.

The company said subscription was 171.5 per cent with acceptances of HK$561.54m of provisional allotments and applications for excess loan stock of HK$467.81m. The nominal amount available to satisfy applications for excess stock is HK$38.46m.

Dealings in the partly paid loan stock and warrants separately would begin on September 9.

Upsurge in profits at Arabian Oil

By Yoko Shibata in Tokyo

ARABIAN OIL, Japan's largest oil producing company with oil concessions in neutral zones between Saudi Arabia and Kuwait, has reported strong earnings for the six months to June 30, as a result of higher oil prices, and despite a decline in sales volume.

During the interim period, the Kuwait Government exercised in full its rights to buy back crude oil. As a result, sales volume fell by 30 per cent over a year ago. However, with oil prices nearly doubled, the value of sales reached Y350.6bn ($1.6bn), up 48.3 per cent.

With the Kuwait Government exercising its buying back rights, crude oil has been eliminated from sales costs. As a result, operating profits jumped by 115.2 per cent to Y335.87bn.

However, because of a sharp rise in royalties paid to oil producing countries (linked to the rise in the official price of crude oil) net profits rose by only 43 per cent to Y3.42bn. Profits per share were Y68.36, compared with Y47.82.

The company makes no forecast of results for the current half year because of uncertainties such as the possibility of another rise in the price of crude oil at the OPEC general meeting, and exchange fluctuations. However, a slight cut in production is to be made because of slackening demand in Japan.

● *Showa Oil Company*, has reported an after-tax profit of Y9.07bn ($40.5m) for its first-half, to June 30. This compares with a deficit of Y10.28bn in the same period last year. Sales totalled Y499.96bn ($2.2bn), against Y269.62bn.

Senior changes at Vickers

VICKERS has made the following Board appointments from September 1.

Mr. I. J. Fraser, chairman of Lazard Brothers, becomes a deputy chairman of the company. Mr. D. A. S. Plastow, formerly a non-executive director, will be managing director and chief executive.

Mr. H. P. N. Benson, Mr. L. W. Harris, and Mr. T. Neville are appointed additional directors. Mr. Harris will be the commercial director, Mr. Neville, finance director, and Mr. Benson is to be non-executive.

Following the merger with Rolls-Royce Motors Holdings, the operating units of both companies have been integrated to form five groups, each with a chief executive. These are—engineering equipment, Mr. C. N. Davies; motor car, Mr. G. R. Fenn; international, Mr. C. W. Foreman; Howson-Algraphy, Mr. R. O. Taylor; and engineering products and business equipment, Mr. W. M. Windsor.

Mr. W. C. P. McKie retains his position as director of contracts and legal adviser and Mr. H. E. Scrope continues as company secretary.

*

Sir Harold Smedley has been appointed to the London Board of the BANK OF NEW ZEALAND. He was a member of the British Diplomatic Service from 1946 to 1980.

*

Mr. George Henderson has been appointed interim managing director of MACKAN GROUP (UK), of Aberdeen, following the resignation of managing director and vice-chairman Mr. Ian Alford. Mr. Henderson is managing director of Stoy Horwath.

*

Mr. Richard T. H. Harrison has been appointed as a sales director to the Board of OSCAR FRIEDHEIM.

*

Mr. Paul B. Littler has been appointed managing director of CCM MARKETING, of Kettering, and retains his responsibility for marketing.

*

Mr. Russell Gore-Andrews has been appointed managing director of the MORE O'FERRALL GROUP.

*

Mr. Colin H. Black, an executive director of Globe Investment Trust, has been appointed a director and joint deputy chairman of TYNDALL INVESTMENT SERVICES.

*

Mr. Arthur Rolt is the new chairman of the BRITISH DISPOSABLE PRODUCTS ASSOCIATION, succeeding Mr. Keith Walker. Newly-elected vice-chairman is Mr. Geoffrey Bell-Jones.

*

Mr. Ian Welsh has been appointed a director and general manager of HAROLD F. WARD, a member of the Deritend Group.

*

Mr. W. Bowyer has been appointed director of buying services; Mr. D. V. Moule, director—Africa; and Mr. J. C. Rowley, director—Middle East and Caribbean, on the board of management of the CROWN AGENTS from September 1.

*

Mr. Jim Anderson and Mr. Terry Waine have been appointed manufacturing director and commercial director, respectively, of MASSON SCOTT THRISSELL ENGINEERING, a member company of Molins.

*

Mr. Geoffrey Johnson Smith, Conservative MP for East Grinstead, has been appointed special consultant to the board of the MALDWYN BOWDEN INTERNATIONAL GROUP, which is based in Brighton.

*

Roche Plant Group has made the following appointments within its subsidiary ROCHE MECHANICAL HANDLING from September 1: Mr. Colin R. Shattock, managing director, Mr. David K. Jones, director (north) and Mr. Gerard A. Mepham, director (south).

*

NATIONAL WESTMINSTER BANK is to disband its Western Europe regional office from September 1 and that region will be replaced by Northern and Southern Europe regions. Mr. Michael Conolly will be senior international executive, Southern Europe, and Mr. David Ingham, senior international executive, Northern Europe.

*

Mr. Derek Hornby has been appointed to the board of RANK XEROX LIMITED as director of staff support. He returns to the UK after seven years with the Xerox Corporation in the U.S. Mr. Hornby will be responsible for corporate affairs, legal, personnel and special projects departments.

*

Mr. Howard Morgan, AMERICAN EXPRESS travellers cheque division has been promoted to regional vice president for the UK, Ireland, Holland, Malta and Gibraltar. He was previously senior regional manager for England and Holland.

*

Mr. G. Robert Durham has been elected a vice president of PHELPS DODGE CORPORATION, New York, from September 1. He will be responsible for the Corporation's investments in companies producing wire and cable and related products in foreign countries and for overseeing the operation and possible disposition of Phelps Dodge's 40 per cent interest in Consolidated Aluminium Corporation.

*

HYDRO-AIR INTERNATIONAL, Halesowen, a subsidiary of Moehlenpah Industries Inc., St. Louis, Missouri, has appointed Mr. Barry J. Griffin to the Board, responsible for its operations in Great Britain and Ireland.

*

MARTIN THE NEWSAGENT states that Mr. L. Bird will resign as a director and executive of the company on October 1 to pursue outside interests. Mr. Bird will remain a consultant.

*

Mr. Paul F. Strzelecki has been appointed a director of HENRI-LLOYD, Manchester, manufacturer of waterproof protective clothing for yachting, mountaineering, and industrial use.

*

Mr. Peter Woolhouse, formerly sales director, and Mr. Frank Barnett, formerly production director, of Alida Packaging have joined the polythene division of the R. H. MORLEY GROUP.

*

It was incorrectly stated yesterday that Mr. J. P. Crossley had been appointed chairman and managing director of Carpets International following the decision of Dr. E. K. McIver to leave the company to pursue other interests. Mr. J. P. Crossley, chairman of the group's subsidiary CARPETS INTERNATIONAL (NORTHERN), has in addition been appointed managing director of that company in succession to Dr. McIver. Mr. J. M. Carpenter is chairman of Carpets International.

The Republic of Panama

U.S. $70,000,000

Floating Rate Serial Notes due 1990

For the six months
29th August, 1980 to 27th February, 1981

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at $13\frac{7}{16}$ per cent. per annum, and that the interest payable on the relevant interest payment date, 27th February, 1981 against Coupon No. 5 will be U.S. $685.66.

The Industrial Bank of Japan, Limited
Agent Bank

This announcement appears as a matter of record only.

Itaú

Banco Itaú S.A.

US $65,000,000

Resolution 63 Loan

Managed by

Libra Bank Limited

Arab African International Bank (Cairo)
Banco de Bogota
The Commercial Bank of Kuwait S.A.K.
The Mercantile Bank of Canada
National Westminster Bank Group

Provided by

Libra Bank Limited
Arab African International Bank (Cairo)
Banco de Bogota S.A. Panama
The Commercial Bank of Kuwait S.A.K.
International Westminster Bank Limited
The Mercantile Bank of Canada
Banco de Bilbao, Grand Cayman Branch
Banco de Chile
Banco de la Provincia de Buenos Aires
Banco Mercantil Venezolano N.V.
Banco Espirito Santo e Commercial de Lisboa (London Branch)
Banco Sudameris Internacional S.A.
Bank of America NT & SA
Banque Nordeurope S.A.
Credito Italiano, New York Branch
International Commercial Bank Limited
Old Stone Bank
Orion Bank Limited
Scandinavian Bank Limited

Arranged by

Libra Bank Limited

As agent

July 1980

This announcement appears as a matter of record only.

Nitrocarbono S.A.
Brazil

U.S. $25,000,000

Medium Term Loan

Guaranteed by

Petrobrás Química S.A. — Petroquisa
Naamloze Vennootschap DSM

Managed by

Libra Bank Limited
Banque Européenne pour l'Amerique Latine (B.E.A.L.) S.A.
Continental Illinois National Bank and Trust Company of Chicago
International Energy Bank Limited
The Royal Bank of Canada (London) Limited

Arranged by

Libra Bank Limited

As Agent

August 1980

This announcement appears as a matter of record only.

Banco Crefisul de Investimento S.A.
Associate of Citibank
Brazil

U.S. $15,000,000

Resolution 63 Loan

Libra Bank Limited
Associated Japanese Bank (International) Limited
Girard Bank
International Commercial Bank Limited
The National Bank of Australasia Ltd.
The Royal Bank of Scotland Limited

Arranged by

Libra Bank Limited

As Agent

July 1980

THE PROPERTY MARKET BY MICHAEL CASSELL

Trafalgar House presses on

TRAFALGAR HOUSE, not this week's best-loved name along the Great West Road, is planning a 230,000-sq-ft office complex behind the Fleet Street offices of Express Newspapers, which is owned by the group.

The scheme will be carried out by Trafalgar House Developments, part of the group's property division, and planning permission is now being sought.

Perhaps mindful of this week's events at Hounslow, a Trafalgar House spokesman emphasised that the proposals did not involve the demolition of the Daily Express and Sunday Express buildings with their distinctive "art deco" Fleet Street frontage. Unlike the late lamented Firestone plant, they are listed as being of architectural interest.

The buildings which will make way for the new development are in Shoe Lane opposite the International Press Centre and have housed the Evening Standard offices. They are now being emptied and a request for demolition is going before the planners.

Trafalgar House expects to start work on the new project at the start of 1981 and there will be a two-year building programme. The resulting space, which will represent one of the largest new office schemes in the area for many yeers, will be available on the open market. Given the property division's emphasis on sales, the scheme could well go on offer to the institutions, although funding for the complex is expected to be found internally.

The reaction to the speedy demolition of the Firestone "art deco" factory, just as the Department of the Environment and the local council were considering having it listed, may have been underestimated by Trafalgar House but its action undermines the group's conviction that the usefulness of the site, for which it paid between £15m and £20m, would be severely inhibited if the facade remained.

Prejudices

Whatever the rights and wrongs of the Firestone case—Trafalgar House, it should be remembered, broke no laws—the affair will do little to dispel some of the widely held prejudices directed at the property development industry. On the other hand, does the furore caused by the conservationists in such cases tend to distort the true depth of public feeling about such architectural "losses?"

Trafalgar House plans to develop an industrial park on the 28-acre site, which provided Firestone with just over 1m sq ft of industrial, warehouse and office space. The main factory provided 680,000 sq ft of floorspace.

Meanwhile, the group's general property development programme has rarely looked more active and the strategy remains to provide as broad a spread as possible across the development spectrum. The Shoe Lane scheme will phase in nicely with the completion of the Trafalgar-Whitbread office complex at nearby Chiswell Street while the group is engaged in other office schemes at Birmingham, where 58,000 sq ft of new space is nearing completion, and at Sheffield, where Trafalgar-Viking are developing the 121,000 sq ft Steel City Plaza complex. Several other smaller provincial schemes are underway.

In the retail sector, Trafalgar House Developments is due later this year to complete a 46,000 sq. ft. shopping centre, known as "Drummers Corner," in Peterhead and it is also working on a 180,000 sq. ft. scheme at Swansea. Another Trafalgar House subsidiary, Builders Amalgamated, will next year complete a 148,000 sq. ft. retail scheme at St. Helens in Lancashire.

On the industrial front away from Hounslow, Trafalgar House (Industrial) Developments has just completed work on the 115,000 sq. ft. Ashford estate. The first phase provides nearly 43,000 sq. ft. of space—mainly in the form of nursery units—all of which has been let, mainly at rents of around £4 a sq. ft. In accordance with its normal funding policy, the group proposes to sell the first phase shortly.

Trafalgar House also announced this week that it has sold the third phase of its North Orbital trading estate at St. Albans to an unnamed institution (industrial space is apparently now "in" despite the short-term prospects) at a figure (undisclosed) equating to an initial 6¼ per cent yield.

NCP buys Exchange

NATIONAL CAR PARKS has emerged as the buyer of the Liverpool Exchange station site, one of the most important development locations on Merseyside.

The freehold of the 7½-acre site was up for sale by tender on instructions from the British Railways Board and the Property Services Agency. The deal was arranged by Debenham Tewson & Chinnocks and the purchase price was around £600,000.

The site, which is located in Liverpool's central business area, includes a large cleared area (previously covered by the station buildings and platforms) bounded on one side by the former Exchange Hotel and the partly demolished Exchange Chambers.

Permission exists for the erection of about 600,000 sq ft of offices and ancillary accommodation and NCP said yesterday it envisaged developing the site, possibly in conjunction with an institution, to provide office space and car parking facilities.

The group, one of the largest private companies in the country, is—not surprisingly—best known for their car park construction and management operation. But it also has a substantial property development business, with a number of commercial developments under way.

Slough Estates in U.S. shops scheme

SLOUGH ESTATES, which this week announced a useful increase in half-yearly profits, is taking its first big step into the U.S. retail development market.

The group, which has been actively building up its North American operations to support a "blue chip" industrial and office portfolio in the UK and elsewhere, has started work on a 140,000 sq. ft. neighbourhood shopping centre at Riverview, a suburb of Chicago.

For Slough, the retail scene is largely new. To date its interest is confined to the Tournai shopping complex in Belgium which was opened in October last year and a small partnership interest in a centre at Washington, Illinois.

The Riverview scheme is being carried out along the lines of most of its U.S. operations, via SDK Parks, in which Slough has an 80 per cent interest and Draper and Kramer of Chicago has the remaining 20 per cent.

Mr. Wallace Mackenzie, managing director of Slough, says the Riverview site is close to the centre of Chicago, within five or six miles of the Loop. Work on the centre is already underway and it should be complete and open for business by March next year.

The scheme is likely to cost in the region of £4m and around 50 per cent of the rental income for the centre is apparently already secured. The centre will provide three major store units—all of which have tenants lined up—together with another 12 or 15 smaller units, depending on how the space is finally divided up.

Rents, as is the custom, will be calculated on the percentage system, implying a base figure which can be increased depending on turnover performance. Rents for the smaller units will initially be around £5 a sq ft.

Draper and Kramer are experienced in the retail field and Mr. Mackenzie says that more shopping developments could be on the way.

Still in Chicago, the first tenants are now moving into the 28-storey, 800,000 sq ft office block in West Monroe Street, in which Slough has a 25 per cent interest. Around 98 per cent of the space has now been let and tenants include names like Arthur Anderson, Standard and Chartered Bank and Merrill Lynch.

Slough's diversion into the hotel business, in the shape of the Midway Motor Lodge at its Elk Grove industrial complex, is fully open and "doing good business." The 530,000 sq ft industrial centre is fully income producing.

Elsewhere, new premises are being added to a number of industrial estates in Canada and Australia and development is underway at the recently acquired 8-acre site at Hanover, West Germany.

GA in £7m deals

GENERAL ACCIDENT has spent over £7m in acquiring two industrial estates in the south-east.

The group is thought to have paid around £6½m for a 140,000 sq ft industrial complex at Nine Elms, adjacent to London's Covent Garden market. The space is pre-let to Securicor at a rent of about £440,000 a year and the site, formerly owned by British Rail, was originally intended to provide a railhead for the Market.

GA has also purchased 51,000 sq ft covering nearly five acres on the Bilton industrial estate at Bracknell. A 99 year lease is involved and there are eleven tenants. The initial yield of 4½ per cent is expected to rise to about 7½ per cent by 1983.

● Peachey Property Corporation has won planning permission to redevelop a factory at 243 Kangley Bridge Road, London SE 26, adjoining Lower Sydenham station and previously occupied by Columbia Ribbon and Carbon Manufacturing. The scheme will provide 42,500 sq ft of space in four warehouse and five factory units and should be completed in August 1981. Healey and Baker are letting agents.

● The Manchester Ship Canal Company has paid around £300,000 for the former Dry Dock Company's land and premises on Trafford Wharf Road, Trafford Park. The Ship Canal Company originally owned the land in question and sold it at the start of this century. Now it plans to refurbish some of the existing premises and to build new industrial and warehouse space. The scheme will be known as the Trafford Wharf estate and one substantial letting has already been agreed. Dunlop Heywood acted for the purchaser while Richard Ellis represented the liquidator of the Dry Dock Company.

● Scottish Equitable Life Assurance has purchased the freehold interest in 129/131 High Road, Wood Green, adjacent to the new Shopping City complex. The property is let to Wallspan Bedrooms at an annual rent of £27,500 and Scottish Equitable paid about £500,000 for the freehold. Conrad Ritblat acted for the vendors and Savills acted for Scottish Equitable.

● Tesco wants to build a 100,000 sq ft superstore on the site of the Cardrome at Hornchurch. The plan would also include parking for 950 cars, a petrol station and eight squash courts. A planning application has been submitted for the developers Cenlane and Tesco by Healey and Baker. Tesco already has nine stores with a sales area in excess of 50,000 sq ft.

● Commercial Union Properties has completed a 90,000 sq ft industrial and warehousing estate at Loudwater, High Wycombe. The scheme included the refurbishment of a Grade II listed mill house, which together with 60,000 sq ft of warehouse space has been let to Sambron (UK). Development was undertaken by CUP in conjunction with Queensgate Developments.

EUSTON STATION
London

Prestigeous Hotel Site
With outline consent for 595 bedrooms

Intended to form
an integral part of London's most modern Rail Terminus

Site Available on Lease
By Tender

Closing date 31st December 1980

(AFD/06583)

Knight Frank & Rutley
20 Hanover Square London W1R 0AH Telephone 01-629 8171

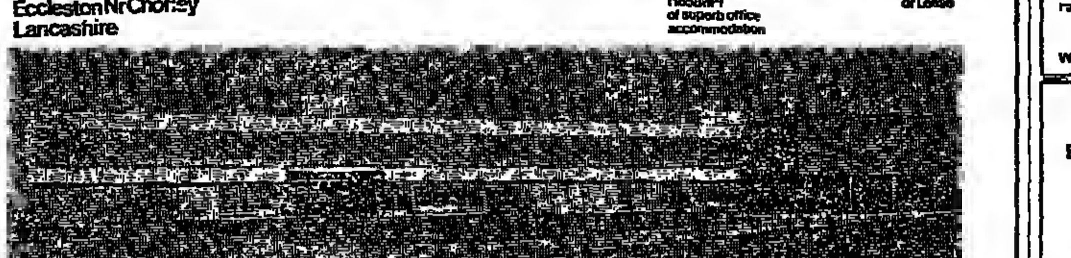
By order of Carrington Viyella Ltd,
as part of further rationalisation

sagar house

Sagar House
Grove Crescent
Eccleston Nr Chorley
Lancashire

20,000 sq.ft. (1858m²) of superb office accommodation

For Sale or Lease



GF Singleton & Co
53 King Street Manchester M2 4LR
061-832 8271

HAMNETT RAFFETY Chartered Surveyors
24 Great Pulteney Street, London W1
01-437 0466

PAULL & WILLIAMSONS
Commercial
ABERDEEN ENGINEERING WORKSHOP
Substantial engineering workshop in good location in Aberdeen for sale.
Approx. 15,000 sq.ft. internal, 30ft. headroom, 8,000 sq.ft. open storage.
Fixed cranes internally with 20 ton lifting capacity. For further particulars, apply to Mr. S. Barrie,
PAULL & WILLIAMSONS, Advocates, 6 Union Row, Aberdeen, AB9 8DQ
Tel. (0224) 26262

TOWN CENTRE COMPREHENSIVE DEVELOPMENT
DEWSBURY—WEST YORKSHIRE
Kirklees Metropolitan Council are promoting a town centre development on a 5.3 acre Council owned site in Dewsbury. The development will include a 60,000 square feet supermarket, car parking facilities and public buildings.
Developers and retained agents interested in this proposal are invited to seek further information from the Estate & Property Manager, High Street Buildings, High Street, Huddersfield, telephone Huddersfield (0484) 29511, Ext. 205.

WAREHOUSE UNITS
Up to 50,000 sq. ft. Windsor area close M3/4. From 1,000 sq. ft. Self-contained units, three monthly minimum lets, full services, fork lift available. Also general warehouse, cargo, pallets, etc., at competitive rates, by the day/week.
Phone: Mr. Stevenson at STACKS LIMITED
Winkfield Row 552112. Telex 847816

FOR SALE
FREEHOLD SELF-DRIVE HIRE PREMISES
Main road position, BEDFONT, MIDDX. Near London Airport.
For further details apply to Box T.5326, Financial Times, 10 Cannon Street, EC4P 4BY.

MILLOM, SOUTH CUMBRIA.
Freehold factory/workshop/storage premises for sale by private treaty, or leases considered. Office block approx. 40,000 sq. ft. Workshop/storage premises approx. total 120,000 sq. ft. Full details from:
LOWDEN NOALL
Estate Agents, Surveyors Valuers
38-40 Cavendish Street
Barrow In Furness
Tel. 0229 20364

L&S INDUSTRIAL
EARL STREET EC2
2nd floor light industrial accommodation 2,835 sq.ft. To Let
CHARLTON SE7
Modern factory 11,000 sq.ft. For Sale Freehold or To Let
UPPER TULSE HILL SW2
New single storey factory 10,700 sq.ft. To Let
GREENFORD, MIDDLESEX
Single storey warehouse under construction 15,500 sq.ft. To Let
ERITH, KENT
Single storey factory and warehouse on site 2.25 acres Freehold For Sale
MATTHEWS GOODMAN & POSTLETHWAITE
LONDON LIVERPOOL & PARIS
01-248 3200 72 UPPER THAMES ST LONDON EC4R 3UA

K for Industry
DUNSTABLE
6,500/10,000/15,000 sq. ft.
New Factory/Warehouse Units
Available September
TO LET
GUILDFORD
5,700 sq. ft.
Factory
Immediate occupation
TO LET
LONDON, E8
Substantial factory premises
55,000 sq. ft.
TO LET
LONDON, N7
Modern factory with yard
33,280 sq. ft.
Mainly single storey
LONG LEASE FOR SALE
TOTTENHAM, N17
18/36,000 sq. ft.
Warehouse
TO LET ON SHORT LEASE
TOTTON, SOUTHAMPTON
16,640 sq. ft.
Modern Warehouse
LONG LEASE FOR SALE
WEMBLEY PARK
42,000 sq. ft.
Superb fully equipped warehouse
Immediate possession
TO LET
WOOD GREEN, N22
New Industrial Units
Immediate occupation
6,000-30,000 sq. ft.
TO LET
King & Co
Chartered Surveyors
1 Snow Hill, London, EC1
01-236 3000 Telex 885485
Birmingham - Leeds - Manchester - Brussels

District of Woodspring
Bourton Grange
Bristol
Approximately 9,280 sq.ft.
Prestige office accommodation in a rural location at Flax Bourton on the outskirts of Bristol.
An imposing Victorian property set in 3.25 acres of landscaped grounds with ample parking space.
Planning permission for use as Offices, Educational Establishment, Hotel, Nursing Home, Elderly Persons Home.
FOR SALE BY TENDER
Closing date 12.00 noon on 23rd September, 1980
Detailed particulars and Tender Form from:
J.R. Allen ARICS
Development Officer & Valuer
Town Hall, Weston-super-Mare, Avon BS23 1UJ
Tel: (0934) 31701

SOUTH WEST HERTFORDSHIRE
GADDESDEN PLACE
Magnificent
COUNTRY HOUSE
Headquarters Office Building
TO BE LET
Following conversion to individual requirements set in rolling parkland
All enquiries to
Box T-5327, Financial Times, 10 Cannon Street, EC4P 4BY
(RH/07231)

FREEHOLD
Self-contained building
WC2
Office/Showroom
Residential
3,500 sq.ft.approx.
Details from joint agents:
DE GROOT COLLIS
01-831 7651
Norman Hirshfield Ryde & Browne
Telephone 01-486 4601

DONCASTER, YORKSHIRE
FREEHOLD INDUSTRIAL LAND
FOR SALE
34 ACRES
with existing I.D.C. and buildings
Full details:
Leavers, 36 Bruton Street, London W1X 8AO
Tel: 01-629 4261
Telex: Leavers Ldn. 269396
Henry Spencer & Sons, 3 St. James' Row, Sheffield S1 1WX
Tel: 0742 79102

FOR SALE BY TENDER ON 10th OCTOBER 1980
LEE VALLEY
CARAVAN PARK (TOURING)
LEE VALLEY REGIONAL PARK, LONDON, E4
Planning permission and licence for 242 touring caravan or tents, 3 Toilet Blocks, Shop, Office, Laundrette. Site area 12½ Acres
Superbly located for London and Countryside
Charles F. Jones & Son
17 Gate Street, Lincoln's Inn Fields, London WC2A 3HT
Tel: 01-242 7823 - Telex: 268807

27/35 Paul Street London EC2
11,106 SQ. FT. GROSS OFFICES
and
9,283 SQ. FT. GROSS INDUSTRIAL
(approx. 1/3rd storage, 1/3rd production 1/3rd ancillary offices suitable for a wide variety of uses subject to planning consent.)
Rebuilt to High Specification behind carefully restored facade.
All enquiries:
BRECKER GROSSMITH & CO.
63 Wigmore Street, London W1H 0BQ
(01) 486-3531

AIR CONDITIONED OFFICES
3815 sq. ft./7630 sq. ft.
To let without premium in Victoria
5-year-old block with car parking
lifts and every modern amenity
Baker Lorenz + Company
13/14 HANOVER STREET, LONDON W1.
01-499 8163

Commercial Premises To Let — Lyons, France
An English company has modern commercial premises and office accommodation available on rental near Lyons, France, comprising approximately 500 square metres storage area with telephone and telex facilities.
Written enquiries please to:
HOTWORK INTERNATIONAL LIMITED,
Low Road, Earlsheaton, Dewsbury,
West Yorkshire, WF12 8BY.

INTERNATIONAL PROPERTY

SKI-ING AT LA PLAGNE. New apartments available for purchase at the premier French ski resort in the Savoy Alps. 150 km Geneva. Inspection August and from end October. Up to 50% mortgages at fixed interest over 20 years available to individuals and companies; approved rental scheme available to purchasers. Contact Plagne Information, P.O. Box 4, London EC1P 1AE.

£14,000 p.a. OFFICE/WAREHOUSE investment, Kingston. Good covenant, new 24-year lease with 3 yearly reviews. £125,000 freehold. Tel: 01-935 2788.

LUPUS STREET, SW1. Cleared corner site with planning permission for 5 flats + 1 house. £65,000 freehold. Tel: 01-935 2788.

FULHAM. Corner site at junction of major roads adjacent to prime shopping area. Planning permission for approx. 6,000 sq. ft. offices. £110,000 freehold. Tel: 01-935 2788.

STOCK EXCHANGE TOWER
E.C.2
ENTIRE FLOOR
SQ. FT. 8,473
Sole Agents
J. TREVOR & SONS
85 London Wall
London EC2M 7AD
Tel: 01-628 0735

BUSINESSES FOR SALE

FOR SALE

OLD ESTABLISHED

Agricultural Engineering and Implements manufacturing business

Situated in the West Midlands

Part of a larger Group of Companies, with its own named end products and good reputation

Principals only please

Reply in first instance to Box G6460 Financial Times, 10 Cannon Street, EC4P 4BY

FOR SALE

COMPREHENSIVE BRITISH COMMERCIAL VEHICLE DISTRIBUTORSHIP

Modern Premises, Extra Land Available High T.I.V. Area

Write Box G.6462, Financial Times 10 Cannon Street, EC4P 4BY

Pigment Manufacturing and Marketing Business for Sale

- Old established business with sizeable share of pigment market (organic and inorganic) for printing ink and paint manufacture.
- Production located in three factories, two in London, one in Stockport, Cheshire. Site areas total approx. 14 acres. Head Office in East London. 1979 sales output 3,500 tonnes.
- Current staff and workforce total 257, including management, sales, production and technical departments.
- 1979 sales turnover approx. £10 million of which one third was export.

For further information please contact:–
Mr. I. McIsaac, FCA.,
Touche Ross and Co.
PO Box 137, Hill House,
1 Little New Street, London EC4A 3TR.
Telex 261064. Telephone: 01-353 8011.

ELECTRONICS BUSINESS

Controlling interest available in successful East Anglian based company involved in the manufacture and distribution of a wide range of electronic products and services, principally in environmental monitoring and control of agricultural and industrial premises. In addition to the main business, the company also has a number of joint ventures and long-term contracts with major companies on certain products and services.

Principals only should write for full details to Box G.6469, Financial Times, 10 Cannon Street, EC4P 4BY.

REPUBLIC OF IRELAND

Amazing opportunity to acquire successful modern FURNITURE FACTORY (Directors retiring), complete with very good manager's house, in rural town (near Dublin) at today's market value of the buildings, modern plant and machinery (no extras, no encumbrances). Currently valued at £500,000/£800,000. *No agents. We have been informed an Industrial* Grant will be made available to any new person or company who purchases the property/machinery with a view either to run the present business or to incorporate a new business.

Full particulars write Box G.6466. Financial Times, 10 Cannon Street, EC4P 4BY.

WEST MIDLANDS COMPANY

engaged in Heating and Industrial Pipework Installation and Maintenance.
Turnover £½m.
Available for sale at £250,000.
Apply to:
H. L. BARNES & SONS
Chartered Accountants
22 Queen's Road, Coventry

ABTA TRAVEL AGENCY FOR SALE

Situated in a prime location in a principal Scottish city, an agency with a turnover of £800,000 including a small specialised tour operation. We hold all domestic licences. Premises are leased until December 1990 with a rent review due in December 1983. It is an agency with excellent potential for further expansion, fully fitted with Prestel, Telex, etc.

Serious enquiries from principals only please.

Write Box G.6483, Financial Times, 10 Cannon Street, EC4P 4BY.

PLANT HIRE CONTRACTORS

Substantial company established nearly 20 years in Thames Valley. Good continuing growth.

EXCELLENT LEASEHOLD

MODERN DEPOT

Secure yard, workshops and offices with full planning permission.

COMPREHENSIVE RANGE OF

PLANT, EQUIPMENT AND STORES.

For Sale Price £500,000.

Write please Box G.6470, Financial Times, 10 Cannon Street, EC4P 4BY.

AN ATTRACTIVE BUSINESS OPPORTUNITY ON THE YORKSHIRE COAST

A long-established company in the Plumbing, Heating and Ventilating industry is for sale.

Based on the Yorkshire coast, it offers a secure, interesting living in a pleasant environment to its new owner. The Company has a captive market, attractive premises, a good name and well-established systems and technical know-how.

Turnover is £180,000 per annum and there are 14 employees.

Reason for the sale is that the present owners, a publicly quoted electrical group, wish to concentrate their development on the electrical and allied side.

Genuine enquirers should write for more details to Box G.6452, Financial Times, 10, Cannon Street, EC4P 4BY.

VERY PROFITABLE Foil Blocking Company

based in East Anglia with well-situated, fully equipped, modern, leasehold factory.

Write Box G.6476, Financial Times, 10 Cannon Street, EC4P 4BY.

GROUP OF GARAGES FOR SALE IN SOUTH WALES

Turnover to 31/3/80 £12,000,000.
Net profit to 31/3/80 £300,000.
Petrol sales 8,000,000 gallons,
Car sales 2,500 units.
Open to offers.

Write Box G.6473, Financial Times, 10 Cannon Street, EC4P 4BY.

FOR SALE PRECISION ENGINEERING CO. IN N. ENGLAND

T/O £1-2m.

WELL DIVERSIFIED WORLDWIDE EXPORTS

Additional Working Capital required to realise full potential. Principal only please reply to Box G6481, Financial Times, 10 Cannon Street, EC4P 4BY.

WEB OFFSET PRINTING

A printing and typesetting company outside London for sale. Holds contracts for weekly and monthly publications.

Turnover approximately £2,000,000 per annum.

Interested parties should write to Box G6478, Financial Times, 10 Cannon Street, EC4P 4BY.

FOR SALE long established Butchers/Mini Supermarket

Lucrative business, company, freehold property, North West London.

Write Box G.5543, Financial Times, 10 Cannon Street, EC4P 4BY.

LUXTON & LOWE

Specialist Agents in the

SALE & PURCHASE OF HOTELS/CATERING & NURSING REST HOMES

Urgently require sound businesses of all types to meet steady demand.
Business Chambers
96a Burlington Road, New Malden
Surrey - 01-949 5451 - PBX

HEATING COMPANY for sale based in Central Kent. Approx. £400,000 turnover. Modern premises. Established over 40 years. Good team of installation engineers. Principals only. Write Box G.6448, Financial Times, 10, Cannon Street, EC4P 4BY.

ADVERTISING CONTRACTORS selling Adverts in diaries, magazines, sports fixtures, etc., with own printing freehold works. Long established. Tremendous scope. Situated in the Midlands. Reason for sale: retirement. Write Box G.5744, Financial Times, 10, Cannon Street, EC4P 4BY.

FINANCE COMPANY AVAILABLE

£2,000,000 BALANCES

OPEN TO OFFERS

Apply for further details Box G.6474, Financial Times, 10 Cannon Street, EC4P 4BY.

Old-established unprofitable SPECIALIST PRINTING BUSINESS FOR SALE

Turnover £1m. Midlands.

Write Box G.6477, Financial Times, 10 Cannon Street, EC4P 4BY.

SAVOURY PASTRY MANUFACTURERS

SOUTHERN ENGLAND

Modern purpose-built factory, excellent range of expensive equipment. Turnover £¾m. Substantial Profits. Enormous expansion potential. Retirement Sale.

Price £550,000 Freehold
Lease considered

Write Box G.6471, Financial Times, 10, Cannon Street, EC4P 4BY.

HOTELS AND LICENSED PREMISES

FOR SALE BY PRIVATE BARGAIN A COUNTRY HOUSE HOTEL IN THE GRAND MANNER CULLODEN HOUSE

ONE OF SCOTLAND'S PREMIER 4-STAR HOTELS

An elegant classical 19th century property, tastefully converted to the highest specification as a prestige business attracting all-year international, local and business custom, including, with considerable potential for development, Stable Block and Yard, Home Farm Buildings, Farmhouse, Cottage, Walled Garden. In all approximately 43 acres.

Joint Sole Selling Agents:

Bingham Hughes & Macpherson
45 Church Street
Inverness IV1 1DR
Tel. (0463) 224343

Robert Barry & Company
11 South Charlotte Street
Edinburgh EH2 4AS
Tel. (031) 225 2944

WEST MIDLANDS COMPANY

engaged in Heating and Industrial Pipework Installation and Maintenance.
Turnover £½m.
Available for sale at £250,000.
Apply to:
H. L. BARNES & SONS
Chartered Accountants
22 Queen's Road, Coventry

FOR SALE

THE NINETEEN-EIGHTY TRUST LIMITED

Newly-registered, guaranteed not to have traded. Objects: Finance, Investment etc. Offers invited.

Ring: 0222 390003

HOTEL FOR SALE

Are you about to buy a hotel? Have you considered advertising under the Businesses Wanted heading? It works because businessmen read this page. For information regarding space availability, advertising rates and conditions of acceptance:

'phone Diane Steward
01-248 5284

HUMBER BRIDGE HOTEL

Barton-on-Humber

At South Interchange of Longest Single Span Suspension Bridge in the World

Established Hotel Business

Freehold premises (fitted and equipped to high standard). Grounds of 5.25 Acres (2.13ha). Direct access to M18 and M62. Outstanding hillside situation with clear view of Humber Bridge. Planning consent for up to 90-Bedroom Motel Complex.

Full Details from:
DICKINSON, DAVY & MARKHAM
10, Wrawby Street, Brigg
South Humberside DN20 8JH
(0652) 53666

CHANNEL ISLANDS JERSEY, ST. HELIER BUSINESS FOR SALE

Unique opportunity to purchase company with freehold building approx. 2,000 sq. ft. in prime position. Comprising ground floor shop with offices above. Planning permission to develop second floor into 2-bed. luxury flat. Business in Engineering Supplies. Motor Parts, Hand Tools, etc. Offers in the region of £125,000 s.a.v. Write Box G.6482, Financial Times. 10, Cannon Street, EC4P 4BY.

FOR SALE PLANT HIRE CO.

(POWERED CRADLES)

Very Well established.

Reply Box G.6480, Financial Times, 10 Cannon Street, EC4P 4BY.
Principals only.

BUSINESSES WANTED

COMPUTER SOFTWARE STAFF AGENCY

Engineering Consultancy and Technical Staff support Company with worldwide sales seek purchase or partnership of Computer Software Staff Agency.

Please write to Box G.6472, Financial Times, 10 Cannon Street, EC4P 4BY.

COMPANY ACQUISITIONS

Offshore Investment company seeks acquisitions of companies with substantial

PROPERTY OR FIXED OR LIQUID ASSETS.

Straight cash deals preferred with no retained minority holdings, no share for share exchanges and no continuing directorships.

Replies in strictest confidence to Box G.6401, Financial Times, 10 Cannon Street, EC4P 4BY.

ADHESIVES AND SEALANTS

Group of companies wish to acquire controlling interest in a company manufacturing Adhesives, Sealants, Strippers or Surface Coatings. Preferably the company would have sound management and a knowledge of trends in this market. Please reply to:

Box G.6465, Financial Times 10 Cannon Street, EC4P 4BY

SILICONE RUBBER AND PTFE

A successful company with a reputation for high-quality products seeks to expand into the fields of silicone rubber and PTFE engineering products by full or partial acquisition.

Interested companies should write to Box G.6464, Financial Times, 10 Cannon Street, EC4P 4BY.

FREIGHT FORWARDING COMPANY

Wishes to expand by acquisition and development with companies in similar fields.

Write Box G.6469, Financial Times, 10 Cannon Street, EC4P 4BY.

COMPANY WISHES TO PURCHASE SERVICE OR MANUFACTURING COMPANY

with freehold premises in Central to West London. Up to 5,000 sq. ft. offices plus equivalent area for storage/workshop.

Please write or telephone:
Peter Williams, Warrens,
34 John Street, London
WC1V 2AT. 01-405 1361

FREIGHT MANAGEMENT INDUSTRY

A large international company with interests in transportation and allied areas wishes to build up a position in the freight management industry through acquisition. Businesses with pre-tax profits in excess of £250,000 p.a. and active in such sectors as warehousing, surface transport, freight forwarding, brokerage and customs clearance are required. Good management is a prerequisite and the company will bring a flexible approach to negotiations and post-acquisition operations.

Replies in strict confidence to Box G.6467, Financial Times, 10 Cannon Street, EC4P 4BY.

EXPORT / IMPORT HOUSE

City-based export company would welcome discussions with principals wishing to sell export/import business interests.

Please reply in confidence to Chairman, Box G.6479, Financial Times, 10 Cannon Street, EC4P 4BY.

FREIGHT FORWARDING COMPANIES WANTED

Subsidiary of Public Company wishing to expand its freight forwarding interests would like to acquire companies engaged in surface and/or air freight forwarding. Pre-tax profits should be in excess of £50,000 p.a.

Write Box G.6475, Financial Times, 10 Cannon Street, EC4P 4BY.

PRIVATE COMPANY

With Finance Available for Investment in Small Manufacturing Companies. Joint venture or outright purchase considered.

Reply to Box G.6463, Financial Times, 10 Cannon Street, EC4P 4BY.

Public Company

LOOKING TO ACQUIRE SOUND PROPOSITION

Principals only write Box G.6484, Financial Times, 10 Cannon Street, EC4P 4BY.

LEGAL NOTICES

1979 No. 10635
IN THE SUPREME COURT OF VICTORIA
between
NATIONAL WESTMINSTER BANK LIMITED Plaintiff
and
KEITH MacDERMOTT HAMPSHIRE Defendant

TO: The Defendant

TAKE NOTICE that the above-named Plaintiff National Westminster Bank Limited, has issued an Originating Summons No. 10635 of 1979 against you claiming:—

1. A declaration that shares in your name in North Broken Hill Holdings Limited and Gold Mines of Kalgoorlie (Australia) Limited are charged with the payment of all monies owing by you;
2. An account of what is owing by you;
3. A declaration that what is certified as being owing by you is a charge upon the shares;
4. Foreclosure or sale of the shares;
5. Transfer of the shares together with all dividends;
6. Payment of all dividends on the shares already received by you.

AND FURTHER TAKE NOTICE that unless you enter or cause to be entered an Appearance to the Originating Summons on or before the 31st day of October, 1980, judgment may be entered against you without further notice.

Further particulars of the Originating Summons may be obtained during normal hours from the undersigned or from the Prothonotary of the Court.

AITKEN, WALKER & STRACHAN,
114, William Street, Melbourne,
Victoria, Australia,
Solicitors for the Plaintiff,
by their Agents,
Isadore Goldman & Son,
125, High Holborn,
London, WC1V 6QF.

IN THE MATTER OF KESMAN FASHIONS LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

CREDITORS' VOLUNTARY WINDING-UP

NOTICE IS HEREBY GIVEN, in pursuance of section 300 of the Companies Act 1948, that a General Meeting of the above-named Company will be held at the offices of

JOSOLYNE LAYTON-BENNETT & CO.,
Ship Canal House,
King Street,
Manchester M2 4NU

on the Second day of October, 1980, at 3.15 o'clock in the afternoon for the purpose of having an account laid before the Members showing the manner in which the winding-up has been conducted and the property of the Company disposed of, and of hearing any explanation that may be given by the Liquidators. A Member entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a Member of the Company.

AND NOTICE IS ALSO HEREBY GIVEN, in pursuance of sections 300 and 341 (1) (b) of the said Act, that a Meeting of the Creditors of the above-named Company will be held at the offices of

JOSOLYNE LAYTON-BENNETT & CO.,
Manchester.

on the said Second day of October, 1980, at 3.30 o'clock in the afternoon for the purpose of having an account laid before them, showing the manner in which the winding-up has been conducted and the property of the Company disposed of, and of hearing any explanation that may be given by the Liquidators.

Dated this 18th day of September, 1980.

D. H. SLADE,
R. P. BOOTH,
Joint Liquidators.

THE COMPANIES ACTS 1948 TO 1967
BRITARMS (FIREARMS) LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 2nd day of October 1980, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors if any, to

KEITH DAVID GOODMAN, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 21st day of August, 1980.
K. D. GOODMAN, Liquidator.

GOALELM T/A AUTOQUIP LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO.,
situated at 3/4 Bentinck Street,
London W1A 3BA,

on Tuesday the 9th day of September, 1980, at 12 o'clock midday for the purposes provided for in Sections 294 and 295.

Dated the 21st day of August, 1980.
M. PHILLIPS, Director.

APPOINTMENTS

General Manager Banking

SINGAPORE

For a successful merchant bank in Singapore backed by a group of major European banks.

- THE ROLE is to manage and expand further the group's banking activities in Singapore.
- BROADLY BASED experience of commercial banking preferably in South East Asia is essential. A banker with proven business development and management skills is needed. A knowledge of foreign exchange and money market operation is required.
- REMUNERATION is unlikely to be less than US $50,000 p a with expatriate benefits.

Write in complete confidence to A. Barker as adviser to the bank.

TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS

10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

COMPANY NOTICES

NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS (BDRs) IN COMMON STOCK OF HITACHI LIMITED

We are pleased to confirm that copies of the Annual Report as at March 31, 1979 and 1980 of Hitachi Ltd. and Consolidated Subsidiaries are now available to BDR Holders upon application to the following conversion agents:

Citibank Branches in:
Amsterdam, Frankfort, Brussels, Milan, Paris

and at:
Banque Internationale à Luxembourg S.A., Luxembourg.
CSSI Office,
Citibank N.A.,
London Depositary.
August, 1980.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1967
H. BRENNER & SONS LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 26th day of September 1980, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors if any, to

PETER RICHARD COPP, FCA,
of Messrs. Stoy Hayward and Partners,
44 Baker Street, London W1,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 15th day of August 1980.
P. R. COPP, Liquidator.

THE COMPANIES ACTS 1948 TO 1967
LEICESTER SQUARE STEAK HOUSE LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 1st day of October 1980, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors if any, to

STEPHEN DANIEL SWADEN, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 20th day of August, 1980.
S. D. SWADEN, Liquidator.

RHODESIAN CABLES LIMITED

(Registered in Zimbabwe)

Notice to Shareholders

Profit Statement and Declaration of Final Dividend for the Financial Year ended 30th June 1980

Audited profits for the year compare as follows with the corresponding figures in respect of the previous financial year.

	Year ended 30.6.80 Z Dollars	Year ended 30.6.79 Z Dollars
Pre-tax Profit	3,319,600	2,172,800
Taxation	1,575,400	972,400
After-tax Profit	1,744,200	1,200,400

The Chairman's Statement and Annual Report will be posted to Shareholders by the 16th October 1980.

Dividend Declaration

Notice is hereby given that a final dividend (No. 32) in respect of the financial year ended 30th June 1980 of 34 cents per ordinary share making a total for the year of 44 cents (year ended 30th June 1979, 30 cents) has been declared by the Directors payable to Shareholders registered in the books of the Company at the close of business on 5th September 1980. The Dividend will be paid on or about 17th October, 1980.

The transfer books and register of members will be closed from the 6th September 1980 to 19th September 1980, both dates inclusive.

In the case of Shareholders whose addresses in the share register are outside Zimbabwe the payment of this dividend is subject to exchange control approval and to non-resident shareholders' tax of 20 per cent.

By Order of the Board
P. DE CHASSART
Salisbury

Lytton Road, Workington, Salisbury.
22nd August 1980

Directors: J. M. Magowan, I.C.D., C.L.M., O.B.E., C.Eng., F.I.E.E., F.S.A.I.E.E., F.Zweie. (Chairman)
D. H. Cummings, I.C.D., O.B.E., F.C.I.S.
D. G. Sutherland, B.Sc., C.Eng., F.I.E.E., F.S.A.I.E.E., M.I.C.E.
B. W. S. O'Connell, F.C.A., C.A.(S.A.), C.A.(Z.).
K. Taylor, C.Eng., F.I.E.E., F.Zweie. (Managing)
J. Shearer, C.Eng., F.I.E.E.

NOTICE TO BONDHOLDERS

TELEFONOS DE MEXICO, S.A.

U.S.$50,000,000 9¼% 1977/1984 BONDS

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that:

— during the six-month period following the twelve-month period ending on August 9, 1979, the balance of U.S.$625,000 of above-mentioned Bonds unpurchased during the twelve-month period ending on August 9, 1979, has been purchased.

— during the twelve-month period from August 10, 1979, to August 9, 1980, an additional principal amount of U.S.$2,375,000 of above-mentioned Bonds has been purchased in satisfaction of the Purchase Fund.

Amount outstanding: U.S.$42,875,000.-

THE FISCAL AGENT
KREDIETBANK.
S.A. Luxembourgeoise

Luxembourg, August 29, 1980.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED

10¼% Debenture Stock, 1989-91

Notice is hereby given that the REGISTERS of the above-mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 16th to 29th September, 1980, both days inclusive.

By Order of the Board,
H. J. McTURK,
Secretary.

48 Palmerston Place,
Edinburgh EH12 5BR.
29th September, 1980.

BRITANNIA INTERNATIONAL FINANCE LIMITED

(formerly Slater, Walker International Finance Limited)

7¼% 1972-1987 LUXEMBOURG FRANCS 500,000,000.-

Holders of the above mentioned bonds are hereby informed that the annual redemption instalment due October 15, 1980, amounting to Luxembourg Francs 50,000,000.-, has been entirely repurchased in the market.

Consequently, a drawing by lot will not take place this year.

The amount of bonds outstanding after the redemption date will be Luxembourg Francs 350,000,000.-

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Paying Agent

Luxembourg,
August 29, 1980.

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE CANADA-UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND IMPORTERS

FUEL COSTS

The Member Lines of the above Conferences operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes ports would advise shippers and importers that the monitoring of their bunker position as at 15th August has revealed that, whilst there has been no significant change in fuel costs during the month under review, a shortfall position has accumulated. Therefore in accordance with agreed Conference procedure the equivalent of Dlrs. 2.00 per ton will be added to the existing bunker surcharges until this shortfall has been recovered. The revised bunker surcharges to apply from 15th September will be as follows:—

Dlrs. 7.65 per ton weight (1,000 kilos) .... } As
Dlrs. 5.45 per ton measurement (cubic metre) .... } freighted

Minima for containers moving under Services 1 and 2—

20' containers — Dlrs. 90.50
40' containers — Dlrs. 134.00

Maximum per container — Dlrs. 245.50

The bunker surcharge will continue to be exempt from the Conference currency adjustment factor and will not apply to Toronto/Hamilton additionals.

Any further changes to the bunker surcharge resulting from the monthly monitoring will be announced as and when warranted.

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline Co. Ltd.
Hapag-Lloyd A.G.
Manchester Liners Ltd. } Joint
Golden Cross Line Ltd. } Membership

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries

Cunard Building,
Liverpool L3 1DS.
August 1980.

CITY OF BERGEN

U.S.$10,000,000 5½% 20 YEAR EXTERNAL LOAN OF 1964

Bondholders of the above Loan are advised that the Redemption Due the 15th October 1980 i.e. U.S.$762,000 nominal has been effected by purchase. The outstanding balance of the Loan after this redemption is U.S.$3,492,000 Nominal.

HAMBROS BANK LIMITED

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE CANADA-UNITED KINGDOM FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND IMPORTERS

FUEL COSTS

The Member Lines of the above Conferences operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes ports would advise shippers and importers that the monitoring of their bunker position as at 15th August has revealed that, whilst there has been no significant change in fuel costs during the month under review, a shortfall position has accumulated. Therefore in accordance with agreed Conference procedure the equivalent of Dlrs. 2.00 per ton will be added to the existing bunker surcharges until this shortfall has been recovered. The revised bunker surcharges to apply from 15th September will be as follows:—

Dlrs. 7.65 per ton weight (1,000 kilos)

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.

Cunard Building,
Liverpool L3 1DS
28th August, 1980.

CONTRACTS AND TENDERS

HELLENIC REPUBLIC

MINISTRY OF NATIONAL EDUCATION AND RELIGION

3rd Educational Project

SUMMARY OF ANNOUNCEMENT

FOR THE PREQUALIFICATION OF BUILDING CONTRACTORS

The Ministry of National Education and Religion, Athens, Greece, during the first half of the year 1981, will invite bids, at various stages, from building contractors from all member countries of the International Bank for Reconstruction and Development (IBRD) and Switzerland for the Construction of thirteen (13) educational institutions under the 3rd Educational Project, in certain cities in Greece, for a total cost of Drs. 2,900,000,000, at prices of the third quarter of 1980. Bidding for each institution will be held separately.

In order to proceed with the prequalification of building contractors, interested parties from all member countries of IBRD and Switzerland, who wish to participate in the biddings, are invited to forward statements of interest by 15th October, 1980. The selection of the Greek contractors and the execution of the works will be made in accordance with the Greek Legislature.

Further information regarding the manner of preparing the statements of interest and data requested may be obtained from:

(a) the bulletin DEVELOPMENT FORUM of IBRD,
(b) the Embassies of the member countries of IBRD and Switzerland in Athens,
(c) the Greek Embassies at the corresponding member countries of IBRD and Switzerland, and
(d) the Directorate for the Implementation of Educational Equipment, Ministry of National Education and Religion, 15 Ermou Street, 3rd Floor, Athens, Greece (Tel: 3247-048),

where analytical prequalification announcements will be available.

The Minister,
ATHANASIOS TALIADOUROS.

July, 1980.

HELLENIC REPUBLIC

MINISTRY OF NATIONAL EDUCATION AND RELIGION

4th Educational Project

SUMMARY OF ANNOUNCEMENT

FOR THE PREQUALIFICATION OF BUILDING CONTRACTORS

The Ministry of National Education and Religion, Athens, Greece, during the first half of the year 1981, will invite bids, at various stages, from building contractors from all member countries of the International Bank for Reconstruction and Development (IBRD) and Switzerland for the construction of fifteen (15) educational institutions under the 4th Educational Project, in certain cities in Greece, for a total cost of Drs. 2,900,000,000, at prices of the third quarter of 1980. Bidding for each institution will be held separately.

In order to proceed with the prequalification of building contractors, interested parties from all member countries of IBRD and Switzerland, who wish to participate in the biddings, are invited to forward statements of interest by 15th October, 1980. The selection of the Greek contractors and the execution of the works will be made in accordance with the Greek Legislature.

Further information regarding the manner of preparing the statements of interest and data requested may be obtained from:

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(b) the Embassies of the member countries of IBRD and Switzerland in Athens,
(c) the Greek Embassies at the corresponding member countries of IBRD and Switzerland, and
(d) the Directorate for the Implementation of Educational Equipment, Ministry of National Education and Religion, 15 Ermou Street, 3rd Floor, Athens, Greece (Tel: 3247-048),

where analytical prequalification announcements will be available.

The Minister,
ATHANASIOS TALIADOUROS.

July, 1980.

PUBLIC NOTICES

BEDFORDSHIRE C.C.

£4m bills issued 27th August due 25th November, 1980, at 14¹¹⁄₃₂%. Applications totalled £22½m. £4m bills outstanding.

East Rand Proprietary Mines, Limited

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of members of East Rand Proprietary Mines, Limited will be held in the conference room, eleventh floor, 63 Fox Street, Johannesburg, on Monday, 29th September, 1980 at 10.00 a.m. for the purpose of considering and, if deemed fit, passing with or without modification the following resolutions:—

1. *As a special resolution*

"RESOLVED THAT the company's authorised share capital be and is hereby increased from R4,000,000 dividad into 4,000,000 shares of R1 each to R6,000,000 divided into 6,000,000 shares of R1 each by the creation of 2,000,000 new shares."

2. *As an ordinary resolution*

Subject to the passing of the special resolution on 29th September, 1980 and to the subsequent registraoon thareof, to the provisions of the Companies Act, 1973, as amended, and to the rules and regulations of Tha Johannesburg Stock Exchange and The Stock Exchange, London:—

"RESOLVED THAT 2,000,000 new shares ba and they are hereby placed under the control of the directors of the company, who are hereby authorised:—

(a) to issue and allot 1,584,000 shares in terms of the proposed rights issue in the ratio of 40 new shares for every 100 shares already issued;

(b) to issue and allot a number not exceeding 396,000 shares as a result of the exercise of detachable options granted in the ratio of 1 option for every 4 new shares to be issuad in tarms of the rights issue:

(c) to issue and allot any or all of the remaining unissued shares in tha capital of tha company at such prices, at such times, in such manner and on such terms and conditions as the directors may deem fit."

Tha reasons for proposing the special resolution have been given in the circular to members posted today and the effact of that resolution is to increase the company's authorised share capital to facilitate the proposed rights offer,

All membars registered as such at the close of business on 26th September, 1980 will be entitled to attend and vote at tha meeting.

A member entitled to attend and vote at the maeting may appoint one or more proxies to attend, speak and on a poll vote in his stead. A proxy need not be a mamber of the company. The required proxy form for tha general meeting accompanies this notice and further copies may be obtained from the company's transfer secretaries, or the United Kingdom registrars and transfer agents.

To be effective, the completed proxy form must reach the company's transfer secretaries in Johannesburg or the United Kingdom registrars and transfer agents not later than 48 hours (excluding Saturdays, Sundays and public holidays) before the maating proceeds to business.

The holdar of a share warrant to bearer who dasires to attend or be represented at the meeting must produce his share warrant or a certificate of his holding from a banker or other approved person at the bearer reception office in the United Kingdom or he must produce his share warrant at the offica of the Paris correspondents, in both cases at least ten days before the date appointad for the holding of the meeting, and shall otherwise comply with the "Conditions governing share warrants" currendy in force. Upon such production a proxy form and/or attandance form will be issued under which such share warrant holdar may attend or be represented at the meeting,

By order of the board,
RAND MINES, LIMITED, Secretaries,
per M. G. Cremonte.

Registered Office:
15th Floor,
63 Fox Street,
Johannesburg 2001,

United Kingdom Registrars and Transfer Agents:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street, Ashford,
Kent TN24 8EQ.

Transfer Secretaries:
Rand Registrars Limited,
2nd Floor,
Devonshire House,
49 Jorissen Street, Braamfontein,
Johannesburg 2001.

Bearer reception office:
40 Holborn Viaduct,
London EC1P 1AJ.

Paris correspondents:
Credit Lyonnais,
19 Boulevard des Italiens,
Paris 75002.

Postal address:
P.O. Box 31719,
Braamfontein 2017,

29th August 1980.

Robert Graham samples the delights of Benidorm

A town transformed by tourism

AT MIDDAY I rolled out my rush mat and stretched towards the sun like 25,000 others on Benidorm's Playa de Levante. It had taken some 15 minutes to select this spot. It was impossible to get any closer than 40 metres from the sea. In front of me were 23 lines of bodies, becoming more and more concentrated at the water's edge. Lying on deck chairs under umbrellas, they formed a solid pbalanx five or six deep.

This Playa de Levante and a neighbouring beach provide 5 kms of magnificent sand that accommodate the largest siogle number of holidaymakers in Spain. Right now, there are close on 300,000 people.

The town has a hotel capacity of 35,000 beds and possesses over 150,000 registered apartments. According to the Minister of Tourism Benidorm's capacity is a total of 260,000 beds. This is 12 per cent more than the equivalent capacity in Greece. It is over three times greater than that of Tunisia and almost four times larger than that of Portugal.

Everything in this resort is on a massive scale. On the 3 km Playa de Levaote 15,000 deck chairs and umbrellas are available for hire every day. The town's three bakeries produce 100,000 loaves of bread a day and 200,000 more are brought in from outside. The population, crammed into botels, apartments, villas and camp sites, produces 180 tons of refuse a day. In the peak season the town becomes like an inflated balloon. The normal population almost triples.

According to the latest census Benidorm has 28,496 inhabitants. Another 25,000 are reckoned to work here and in the winter and off season months the tonrist population is around 50,000. No other Spanish resort expands in quite the same way.

"I can remember Benidorm when it was still a beautiful village," says Sr. Jose Such, the town's newly elected mayor. "I would rather not talk of the past," he says ruefully. In 15 years the place has been ruthlessly transformed by unchecked speculative development, which has followed the two beaches io a ribbon on either side of the old town. The beach froots have been dwarfed hy skeletal skyscraper apartment blocks and botels constructed in unerring bad taste.

These stretch back in taperiog layers into what was ooce good agricultural laod but is now mostly deserted and unused. The farmers have become urban property owners. Benidorm has been converted into a resort wholly geared to mass tourism.

There are 2,572 business enterprises: from boutiques and souvenir shops to bowling alleys and night clubs. Benidorm's development has also given it one of the highest *per capita* incomes in Spain.

Benidom's growth has been based on three basic attractions —the large sandy beaches, the exceptionally high amount of sun and low budget facilities. These still remain its fundamental attractions. Unlike resorts on the Costa Brava, the Benidorm area was much more deserted and freer of urban centres. This helps to explain why growth has been so rapid and on such a scale. It also is generally conceded that planning was exceptionally lax. "Benidorm's development has been so fast that the infrastructure, roads, water supply and sewage have just not been able to cope," says Sr. Sncb. The town seems almost to groan under the strain of so many people.

For instance, apartment blocks have been built without parking lots and there is just no space to accommodate an invasion of 50,000 extra cars in the summer. The most stretched resource has been water. Buildings were permitted even though it was known that water supplies were inadequate. The situation was made more complex by a system of private ownership of water. Thus in the summer Benidorm suffered from chronic water shortages.

Two years ago the Spanish Navy had to ferry in water from nearby Alicante. This forced the anthorities to act, and a consortium of eight townships aod villages, led by Benidorm, was formed. This consortium has now oearly finished a Pta 1.5bn (£8.7m) system of pooled water supply which will elimioate all water shortages. However, there are still a number of hotels and apartment blocks that have to buy io emergency tanker supplies as a precaution.

To ease the strain on Benidorm's facilities there has been a freeze on all new hotel construction. Cheap Government backed credits to finance new botels, a major stimulus to the Benidorm boom, bave been stopped. The sole exception is in the five-star category, since the Government is anxious to encourage the growth of quality botels in Spain. Benidorm currently has only one five-star hotel. Almost two-thirds of all its botel establisbments are in the two-star category and below.

The bulk of the capital behind the hotel and apartment block developmeot has been Spanisb —at least on paper. Quite frequently, development bas been carried either with the backing or equity participation of investment/property subsidiaries of the banks. The single most recognisable presence in Benidorm today is that of Rumasa, the largest private holding company in Spain, which is controlled by Sr. Jose Ruiz-Mateos. The Rumasa hotels group owns four large hotels, while there are two different Rumasa banks in town.

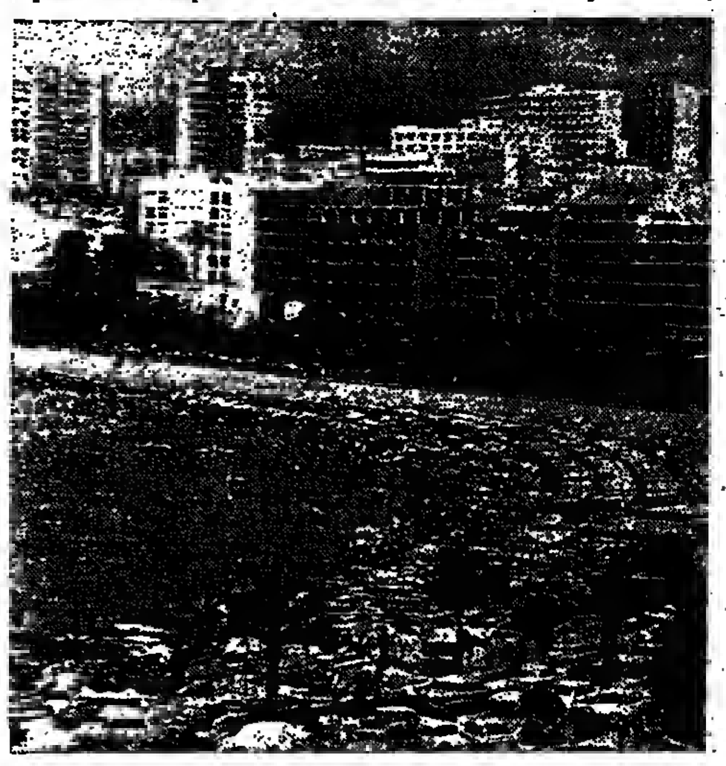
There is a consensus among estate agents that foreign capitalists—except for individual apartment/villa purchases — prefer to go more for quality investments. This has kept them out of Benidorm. The municipality is at some loss to explain that despite the recession it has never had so many requests for building permission. Estate agents, meanwhile, report a slackening in demand, the most popular prices being between the Pta 1.5m and Pta 2m mark for both Spaniards and foreigners.

Traditionally, the British have beeo the principal patrons of Benidorm, flown in on charter groups to Alicante Airport. The British presence is evident in the plethora of signs that appeal to national chauvinism or familiarity like "UK British pub" or "the Copper Kettle."

The other major foreign group is the Dutch who are also catered for by an extensive array of bars and restaurants (especially Indonesian menus). In July and August the French and Belgians are numerous, with the former tending to stay in apartments rather than hotels and coming by car as opposed to air charter.

During August a majority of the holiday-makers, according to the boteliers, are Spaniards. This has been a growing phenomenon of the past five years and is itself a reflection of their increased spending power. Benidorm is the nearest large Mediterranean resort by road from Madrid, and as a result up to half of all the Spaniards come from the capital.

However, this year there is an important influx of Basques who traditionally have holidayed in San Sebastian and Round Santander. The Spaniards are almost without exception family groups—a recent survey showed that 90 per cent of all Spaniards went on holiday as a family.



Terry Kirk

SEASIDE VIEW, against a background of Benidorm's "unerring bad taste."

There is a significant social difference between the Spaniards and foreigners. The Spaniards are generally members of the expanding middle class, willing to spend a good deal of money. The foreigners on the other hand are frequently working class in origin, operating on tight budgets. This seems especially tha case with the British tourists in peak seasoo months.

Spaniards and foreigners rarely seem to mix, but they co-exist in mutual curiosity. This said, the increasing Spanish element in Benidorm tourism does not make the town any more Spanish in character. Indeed, it has the anonymity of an international airport. Fast foods, which predominate, are increasingly standardised, as is all entertainment. Fish and chips have given way to hamburgers, tea to Coca Cola. At night, flamenco has been supplanted by rock orchestras and discos.

"We stopped taking them to flamenco shows several years back because they could see it was all so fake — some fat old woman in a spotted dress and a tired looking waiter type clacking the castanettes," commented one tour guide. Benidorm now boasts 68 discos, many open until the early hours of the morning.

Complaints about Benidorm are surprisingly few. The sun does shine and the sea water is clean. This year the municipality instituted twice-weekly chemical checks of the water in six spots. It has also improved the night cleaning of the beaches, which gather 50,000 cigarette butts a day, according to a local statistician.

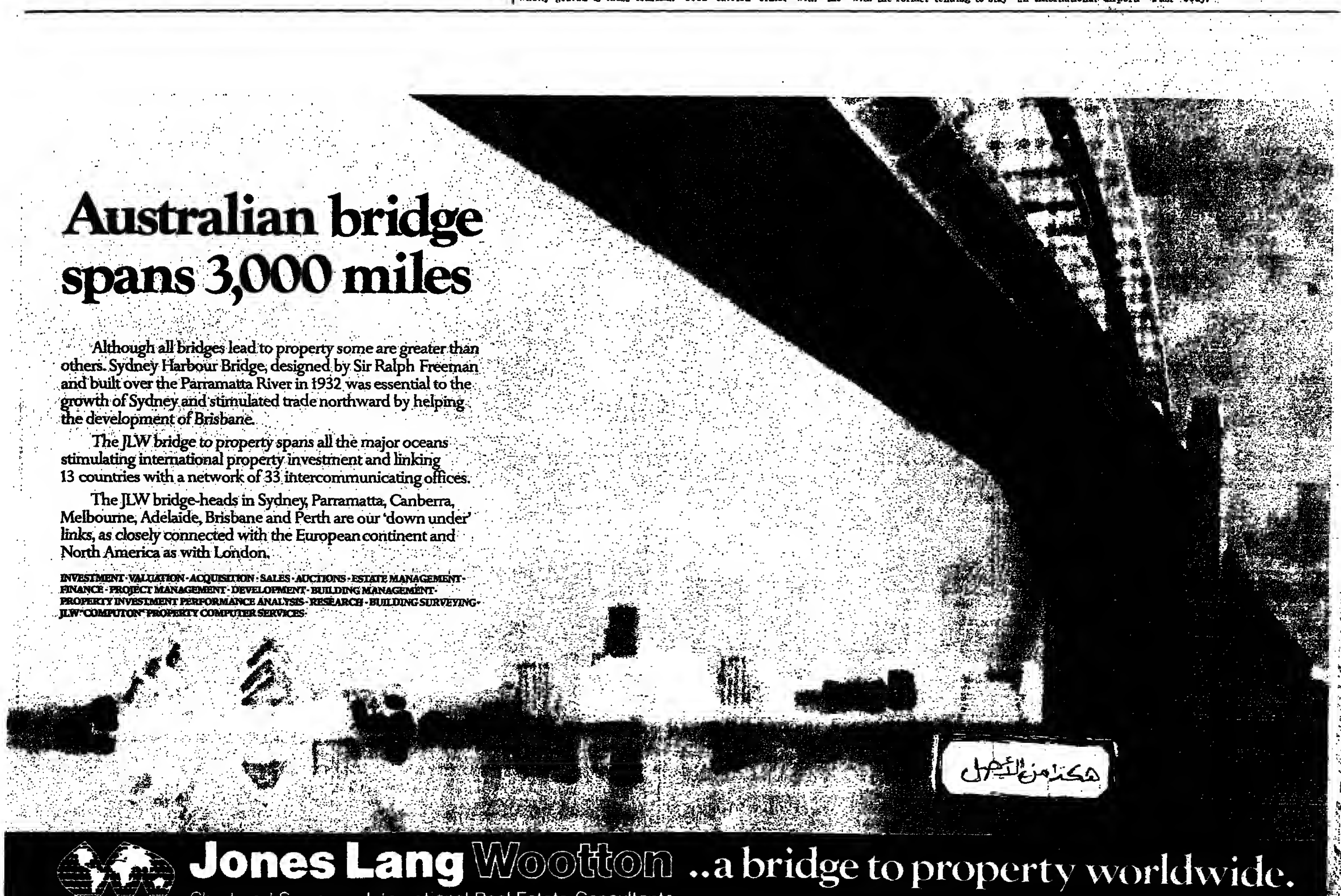
"Our main problem now is that Benidorm's budget is based on the town's census of 28,000 inhabitants and it is difficult to persuade the Government Ministries we need the money to satisfy the needs of almost 300,000," says Sr. Such.

The authorities cannot afford to let Benidorm's reputation suffer—which the water sbortages seriously threatened to do. Benidorm is big business, providing Pta 22bn (£128m) worth of foreign exchange a year. This is almost 5 per cent of Spain's total foreign exchange earnings from tourism.

For their part, the hoteliers and restaurateurs are acutely conscious of the need to offer competitive prices. Many hotels have raised their prices only for the peak July and August months—and by a maximum 15 per cent in line with inflation. Profit margins are being tightly squeezed.

July occupancy in Benidorm's botels was as low as 55 per cent in some cases, and this has not been a good year. The international recession is blamed, as is the Basque bombing campaign in June and July. Nevertheless, this month bas seen the resort at capacity. Says the mayor: "We try to make sure the motor-bikes without exhausts are controlled, that the discotheques close on time, and the traffic works better and that the beach doesn't seem too crowded. But a lot of people like all this noise and crowd. That, along with the sun and sea, is why they are here."

I can vouch for one thing: a walk op and down 3 kilometres of beach is enough to satisfy anyone's curiosity about the shape and colour of the human body.



Australian bridge spans 3,000 miles

Although all bridges lead to property some are greater than others. Sydney Harbour Bridge, designed by Sir Ralph Freeman and built over the Parramatta River in 1932 was essential to the growth of Sydney and stimulated trade northward by helping the development of Brisbane.

The JLW bridge to property spans all the major oceans stimulating international property investment and linking 13 countries with a network of 33 intercommunicating offices.

The JLW bridge-heads in Sydney, Parramatta, Canberra, Melbourne, Adelaide, Brisbane and Perth are our 'down under' links, as closely connected with the European continent and North America as with London.

INVESTMENT · VALUATION · ACQUISITION · SALES · AUCTIONS · ESTATE MANAGEMENT · FINANCE · PROJECT MANAGEMENT · DEVELOPMENT · BUILDING MANAGEMENT · PROPERTY INVESTMENT PERFORMANCE ANALYSIS · RESEARCH · BUILDING SURVEYING · JLW COMPUTON PROPERTY COMPUTER SERVICES

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$ & £ weak

The dollar and sterling weakened in fairly active foreign exchange trading, and the U.S. currency finished fairly close to its lowest levels of the day against most major currencies. It touched a low point of DM 1.7850 against the D-mark, and closed at DM 1.7870, compared with DM 1.8005 previously, and weakened to SwFr 1.6420 in terms of the Swiss franc before closing at SwFr 1.6440, compared with SwFr 1.6615 on Wednesday. The Japanese yen remained strong, with the dollar falling to Y217.50, and finishing at Y218, against Y219.65. The dollar's trade-weighted index, as calculated by the Bank of England, weakened to 83.9 from 84.3.

Sterling's index, on Bank of England figures, fell to 75.9 from 76.2, after rising to 76.3 in the morning, but declining to 75.9 at noon.

The pound opened at $2.3930-2.3940, and touched an early peak of $2.3960-2.3970 before a large selling order pushed it down to $2.3850-2.3860. At noon sterling was around $2.3875, improving to $2.3925 by mid-afternoon, and closing at $2.3890-2.3900, a fall of 15 points on the day.

In terms of the French franc sterling fell to FFr 9.93 from FFr 10.01, and against the D-mark to DM 4.2725 from DM 4.3075.

D-MARK—One of the weaker members of the European Monetary System of late, and showing a tendency to ease against the dollar following the turnround in U.S. interest rates. In previous months tight Bundesbank monetary policy and the sharp fall in U.S. rates led to a decline in the dollar against the German currency—The Bundesbank did not intervene when the dollar was fixed at DM 1.7890 at the Frankfurt fixing, compared with DM 1.8011 on Wednesday. The German authorities also did not support the dollar on the open market, but there was some surprise at the weakness of the U.S. currency following the upward trend in U.S. interest rates. Sterling fell to DM 4.2710 from DM 4.3000 at the fixing, and most members of the EMS declined against the D-mark. The Dutch guilder rose to DFl 91.76 per 100 guilders from DFl 91.72, but the Irish punt, Belgian franc, French franc, Danish krone, and Italian lira lost ground.

ITALIAN LIRA — Weakest member of the EMS, but steadier after the July economic package. Rumours of devaluation have tended to undermine confidence once again in recent weeks.—The lira showed little movement on the Italian Government's success on two votes of confidence in Parliament, although there was some improvement by the Italian currency in the forward market. The lira fell against most members of the EMS, but improved against the dollar on the U.S. unit's general weakness.

DANISH KRONE—Maintaining a steadier tendency within the EMS recently, and now standing around the middle of the system after suffering two devaluations last year.—The krone lost ground to most members of the EMS at the Copenhagen fixing, but was slightly firmer against the French franc. The Swedish krona and Norwegian krone also declined against the Danish currency, as did the dollar which was fixed at DKr 5.5560 compared with DKr 5.5685 previously, and sterling which fell to DKr 13.2870 from DKr 13.3070.

JAPANESE YEN — Steadier recently, reflecting the relatively successful fight against inflation which allowed a cut in the discount rate last week, and also helped by the sharp fall in U.S. interest rates earlier this year.—The yen remained firm against the dollar, as the U.S. currency eased to Y219.30 from Y220.30 on Wednesday. Trading was active, and the dollar recovered in late trading after touching a six-week low of Y218.40.

THE POUND SPOT AND FORWARD

Aug. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3850-2.3970	2.3890-2.3900	1.20-1.10c pm	5.77	2.77-2.67 pm	4.55
Canada	2.7550-2.7750	2.7825-2.7835	1.55-1.45c pm	5.61	4.05-3.95 pm	5.78
Nethlnd.	4.65-4.71	4.65½-4.66½	2½-1½c pm	6.15	6¼-5¼ pm	5.36
Belgium	68.45-69.15	68.60-68.70	27-17c pm	3.84	70-60 pm	3.79
Denmark	13.21-13.36	13.23-13.24	1⅞-3½ore dis	-2.44	5½-8 dis	-2.21
Ireland	1.1365-1.1465	1.1370-1.1380	0.15-0.20p dis	-1.86	0.28-0.33dis	-1.07
W. Ger.	4.26-4.32	4.26¾-4.27¾	3¼-2¼pf pm	8.07	8½-7½ pm	7.61
Portugal	116.40-116.70	116.70-116.90	25c pm-25 dis	—	40pm-60 dis	-0.34
Spain	173.30-174.20	173.65-173.85	70-125c dis	-6.74	290-370dis	-7.60
Italy	2032-2051	2033½-2034½	18¾-21¼lire dis	-11.65	61½-64½dis	-12.34
Norway	11.55-11.64	11.55¾-11.56¾	4⅞-2⅞ore pm	3.63	8¾-7¼ pm	2.77
France	9.92-10.03	9.92½-9.93½	4¼-3¼c pm	4.53	10¼-9¼ pm	4.13
Sweden	9.94½-10.01½	9.96-9.97	1¼-¼ore pm	1.06	1¼-¾ pm	0.40
Japan	517-527	520½-521½	2.50-2.10y pm	5.30	6.15-5.75 pm	4.57
Austria	30.20-30.55	30.25-30.30	15-12gro pm	5.35	39-34 pm	4.82
Switz.	3.92-3.99	3.92½-3.93½	3¼-2¾c pm	8.92	10½-9½ pm	10.16

Belgian rate is for convertible francs. Financial franc 69.70-69.80. Six-month forward dollar 4.27-4.17c pm. 12-month 8.00-5.90c pm.

THE DOLLAR SPOT AND FORWARD

Aug. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3850-2.3970	2.3890-2.3900	1.20-1.10c pm	5.77	2.77-2.67 pm	4.55
Ireland†	2.0945-2.1000	2.0960-2.0980	0.65-0.55c pm	3.43	1.75-1.65 pm	3.24
Canada	1.1544-1.1588	1.1559-1.1562	0.03c pm-0.01 dis	0.10	0.29-0.24 pm	0.92
Nethlnd.	1.9475-1.9555	1.9490-1.9500	0.05c pm-0.05 dis	—	0.52-0.42 pm	0.96
Belgium	28.72-28.86	28.72-28.74	2¼-4c dis	-1.41	4-6 dis	-0.69
Denmark	5.5370-5.5540	5.5370-5.5385	3¼-4¼ore dis	-8.67	9¼-9¾ dis	-6.86
W. Ger.	1.7850-1.8020	1.7865-1.7875	0.35-0.30pf pm	2.18	1.42-1.37 pm	3.12
Portugal	49.60-49.80	49.70-49.80	15-35c dis	-6.03	40-80 dis	-4.82
Spain	72.60-72.67	72.60-72.65	65-85c dis	-12.39	200-230dis	-11.84
Italy	852.20-855.30	852.20-852.50	11-13lire dis	-16.89	36-39 dis	-17.60
Norway	4.8400-4.8525	4.8400-4.8415	0.70-1.20ore dis	-2.35	1.90-2.40dis	-1.78
France	4.1550-4.1765	4.1550-4.1565	0.38-0.48c dis	-1.24	0.30-0.50dis	-0.38
Sweden	4.1700-4.1755	4.1700-4.1715	1.60-1.75ore dis	-4.82	4.35-4.50dis	-4.24
Japan	217.50-219.25	217.95-218.05	0.10-0.25y dis	-0.96	0.05-0.20dis	-0.23
Austria	12.65¾-12.70	12.66½-12.67½	0.20-0.80gro dis	-0.47	1.25pm-.50dis	0.12
Switz.	1.6420-1.6630	1.6435-1.6445	0.65-0.60c pm	4.56	2.40-2.35pm	5.78

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 28	Bank of England Index	Morgan Guaranty Changes%
Sterling	75.9	-50.1
U.S. dollar	83.9	-5.6
Canadian dollar	81.4	-18.6
Austrian schilling	156.0	+23.6
Belgian franc	115.0	+13.2
Danish kroner	106.5	-4.6
Deutsche mark	164.5	+43.9
Swiss franc	167.2	+79.6
Guilder	125.9	+20.0
French franc	101.0	-5.5
Lira	52.5	-51.7
Yen	130.5	+26.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Aug. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	15	0.549899	0.582830
U.S. $	10	1.31283	1.40524
Canadian $	10.45	1.52131	1.62932
Austria Sch.	5¾	18.7333	17.9028
Belgium F	12	37.9080	40.3623
Danish K	15	6.50950	7.62650
D'mark	7½	2.36454	2.53154
Guilder	9	2.57905	2.75933
French Fr.	9½	5.49025	5.87742
Lira	12	1123.72	1202.89
Yen	8.25	287.115	309.224
Norwgn. Kr.	9	6.57904	6.82737
Spanish Pta.	8	96.3771	106.091
Swedish Kr.	10	5.49035	5.87785
Swiss Fr.	6	2.18284	2.53593

OTHER CURRENCIES

Aug. 28	£	$		£ Note Rates
Argentina Peso	4545-4562	1904-1911	Austria	30.15-30.50
Australia Dollar	2.0490-2.0510	0.8580-0.8585	Belgium	69.40-70.00
Brazil Gruzeiro	136.59-133.66	55.845-55.845	Denmark	13.14-13.64
Finland Markka	8.74-8.76	3.6620-3.6630	France	9.87-9.93
Greek Drachma	101.988-104.432	42.55-42.80	Germany	4.25-4.26
Hong Kong Dollar	11.80-11.81½	4.9450-4.9470	Italy	2010-2160
Iran Rial	n.a.	n.a.	Japan	522-527
Kuwait Dinar(KD)	0.537-0.543	0.8670-0.6671	Netherlands	4.55-4.57
Luxembourg Frc.	68.60-68.70	28.72-28.74	Norway	11.46-11.59
Malaysia Dollar	5.0970-5.1080	2.1360-2.1380	Portugal	115-161½
New Zealand Dlr.	2.4360-2.4370	1.0190-1.0200	Spain	169¼-177
Saudi Arab. Riyal	7.92-7.93	3.3125-3.3600	Sweden	9.92-10.02
Singapore Dollar	5.0480-5.0590	2.1135-2.1175	Switzerland	3.92½-3.95½
Sth. African Rand	1.8090-1.8100	0.7570-0.7575	United States	2.38¼-2.39¾
U.A.E. Dirham	8.80-8.85	3.6880-3.6865	Yugoslavia	69-76

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5886	+2.01	+0.79	±1.53
Danish Krone	7.72336	7.82402	+1.30	+0.08	±1.64
German D-Mark	2.48208	2.52780	+1.84	+0.62	±1.125
French Franc	5.84700	5.87966	+0.56	-0.66	±1.3557
Dutch Guilder	2.74362	2.75415	+0.38	-0.84	±1.512
Irish Punt	0.668201	0.672872	+0.70	-0.52	±1.668
Italian Lira	1157.79	1203.40	+3.94	+2.83	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Aug. 28	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.390	4.376	521.0	9.930	3.930	4.660	2034.	2.763	68.65
U.S. Dollar	0.418	1.	1.788	218.0	4.156	1.645	1.950	851.2	1.156	28.75
Deutschemark	0.234	0.559	1.	121.9	2.324	0.920	1.091	476.1	0.647	16.07
Japanese Yen 1,000	1.916	4.586	8.201	1000.	19.06	7.543	8.944	3904.	5.303	131.8
French Franc 10	1.007	2.406	4.303	524.7	10.	3.958	4.693	2048.	2.782	69.13
Swiss Franc	0.254	0.608	1.087	132.6	2.527	1.	1.186	517.5	0.703	17.47
Dutch Guilder	0.215	0.513	0.917	111.8	2.131	0.843	1.	436.5	0.593	14.73
Italian Lira, 1,000	0.492	1.175	2.101	256.1	4.882	1.932	2.291	1000.	1.356	33.76
Canadian Dollar	0.362	0.865	1.546	188.6	3.596	1.423	1.687	736.2	1.	24.85
Belgian Franc 100	1.457	3.481	6.224	758.6	14.46	5.725	6.788	2963.	4.025	100.

FT LONDON INTERBANK FIXING (11.00 a.m. AUGUST 28)

3 months U.S. dollars		6 months U.S. dollars	
bid 11 5/8	offer 11 3/4	bid 16 5/16	offer 16 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Aug. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	16-16⅝	6¾-10	6½-11	10¼-10⅜	12-14	8¹¹⁄₁₆-8¹³⁄₁₆	11½-12	14-20	56½-59	9-10
7 days' notice	16⅛-16⅝	10⅛-10⅜	9½-11	10⅛-10½	4¼-4¾	8¹¹⁄₁₆-8¹³⁄₁₆	11½-12	20-26	10⅜-10½	10½-11
Month	16⅝-15⅞	10⅝-10⅞	10-10⅜	10⅝-10¾	5⅞-6	8¹¹⁄₁₆-8¹³⁄₁₆	11⅞-12⅛	29½-31½	10¾-10⅞	11⅛-11⅜
Three months	16½-16¾	11¹¹⁄₁₆-11¹³⁄₁₆	10½-10⅞	10⅝-10¾	5¾-5⅞	8⅝-8¾	12-12¼	29½-30½	11¾-11⅞	11½-11¾
Six months	16¼-16½	12⅜-12⅞	11-11⅜	10¹¹⁄₁₆-10⅞	5¹¹⁄₁₆-5¹³⁄₁₆	8⅝-8¾	12¼-12½	29-30	12⅜-12½	11⅛-11⅜
One Year	15¼-16½	12⅜-12⅞	11¼-11⅝	10⅜-10⅝	5½-5⅝	8⅛-8¼	12½-12¾	27-28	12⅜-12½	9⅝-9⅞

Long-term Eurodollar two years 12⅝-12⅞ per cent three years 12½-12¾ per cent; four years 12⅝-12⅞ per cent; five years 12¾-13 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rate in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 10.70-10.80 per cent; three-months 11.60-11.70 per cent; six-months 11.80-11.90 per cent; one year 11.95-12.05 per cent.

INTERNATIONAL MONEY MARKET

European rates mixed

Interest rates showed little overall movement in Europe yesterday. In Frankfurt call money was quoted at 9.0 per cent, the same as on Wednesday, while longer-term rates were slightly firmer. Six-month money rose to 8.70 per cent from 8.65 per cent and 12-month money to 8.40 per cent from 8.35 per cent. Short-term rates seem unlikely to fall ahead of the month end, with seasonal tax payments due, unless the authorities decide to add further liquidity into the system on top of the recent cut in banks' minimum reserve ratios.

In Paris call money remained at 11¼ per cent but rates for one-month money onwards showed an easier tendency. One-month money was quoted at 11⅜-11½ per cent against 11½-11⅝ per cent, with three, six and 12-month money all standing at 11½-11⅝ per cent compared with 11⅝-11¾ per cent previously.

Dutch interbank rates were weaker where changed. Adequate supplies of short-term money kept the call money rate at 10-10¼ per cent, unchanged from Wednesday, with one-month money also steady at 10⅝-10¾ per cent. Three- and six-month funds however, were quoted lower at 10⅝-10¾ per cent against a previous common level of 10¾-10⅞ per cent.

In Zurich money rates took an easier turn as a result of end of month payments being largely met. Short-term money rates fell to around 10 per cent after 25 per cent earlier in the day. Banks were able to meet heavy month-end payments by use of official loans at the discount "window" and funds through the lombard facility.

MONEY RATES

NEW YORK

Prime Rate	11¼-11½
Fed. Funds	10⅜-10½
Treasury Bills (13-week)	10.11
Treasury Bills (26-week)	10.43

GERMANY

Discount Rate	7.5
Overnight Rate	9.00
One month	9.25
Three months	8.95
Six months	8.70

FRANCE

Discount Rate	9.5
Overnight Rate	11.25
One month	11.4375
Three months	11.5625
Six months	11.5625

JAPAN

Discount Rate	8.25
Call (Unconditional)	11.4375
Bills Discount (three-month)	11.375

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit appeared to be in adequate supply in the London money market yesterday, but the authorities provided assistance on a small scale by buying Treasury bills direct from the discount houses. The market was faced with the unwinding of a previous sale and repurchase agreement, which involved a large number of eligible bills, but this was outweighed by a moderate excess of Government disbursements over revenue transfers to the Exchequer together with large balances brought forward by banks.

In the interbank market overnight loans opened at 16-16¼ per cent and eased on the forecast of a moderate surplus to 15½-15¾ per cent before coming back around lunchtime to 15¾-16 per cent. During the afternoon rates fell away to close at 15-15½ per cent.

GOLD

Firmer trend

Gold rose $1 to $634-637 in the London bullion market yesterday. It opened at $631-634, the lowest level of the day, and the fixed at $633.75 in the morning, and $635.30 in the afternoon. The metal touched a peak of $636-637½ after lunch.

In Paris the 12½ kilo gold bar was fixed at FFr 85,750 per kilo ($641.05 per ounce) in the afternoon, compared with FFr 85,750 ($638.63) in the morning, and FFr 85,500 ($635.90) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,540 per kilo ($633.49 per ounce), against DM 36,710 ($634.04) previously, and closed at $634-637, compared with $632½-635½.

In Zurich gold finished at $634-637 against $632-636.

	Aug. 28		Aug. 27	
Gold Bullion (fine ounce)				
Close	$634-637	(£265¼-266½)	$633-636	(£264¾-266)
Opening	$631-634	(£263¾-265)	$630-633	(£264⅛-265¾)
Morning fixing	$633.75	(£264.890)	$632.75	(£263.028)
Afternoon fixing	$635.30	(£265.515)	$635.85	(£264.467)
Gold Coins				
Krugerrand	$654-656	(£273½-274½)	$653-655	(£272¾-274¼)
Mapleleaf	$650-653	(£276-274)	$648-651	(£270-272)
New Sovereigns	$151-152	(£57¼-58)	$150½-161½	(£57-68)
King Sovs	$191½-193	(£80-81)	$151-193	(£79½-80½)
Victoria Sovs	$192-194	(£80½-81½)	$191-193	(£79½-80½)
French 20s	$151-164		$156½-162½	
50 pesos Mexico	$784-787		$783-785	
100 Cor. Austria	$620-623		$616-619	
$20 Eagles	$758-762		$751-756	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

Aug. 28 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15-16¼	—	—	—	16	15-15¾	—	—	—
2 days notice	—	—	16¾-15⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16½-16⅝	16⅞	—	17	16½-17	16½-16¾	—	—	—
One month	16⅜-16⅝	16¹¹⁄₁₆-16¹³⁄₁₆	16¾-16⅞	17⅛-17⅝	17⅛	17-17¼	15¾	14⅝-14⅞	16⅛-16½	17
Two months	15¾-16⅛	16⅝-16¾	—	17⅜-17⅝	17	—	15⅝	14⅝-14⅞	16⅛-16⅜	16¾
Three months	16⅛-16⅜	16⅝-16¾	16⅝	17¼-17½	16⅞	17-17⅛	16⅛-16¼	14⅞	15⅞	16⅜
Six months	16⅛-16⅞	16⅛-16⅜	15-16¼	15⅞-16⅜	16¼	16¾	—	—	14⅞-14⅞	16⅛
Nine months	16⅜-16⅛	15⅞-15⅞	—	15⅝-16	16	16¼	—	—	—	—
One Year	14⅝-14¾	15⅛-15⅜	14⅞-15	14⅞-16⅛	15½	16¾	—	—	—	—
Two years	—	—	14½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14⅛-14¼ per cent; four years 14-14⅛ per cent; five years 13⅞-14 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15⅜ per cent; four-month trade bills 16⅝ per cent.

Approximate selling rate for one-month Treasury bills 14¹¹⁄₃₂-14²³⁄₃₂ per cent; two-month 14¹¹⁄₃₂-14²³⁄₃₂ per cent; three-months 14²³⁄₃₂ per cent. Approximate selling rate for one-month bank bills 15¾-15⅞ per cent♦ two-months 15⁷⁄₃₂-15²³⁄₃₂ per cent; three-months 15¾-15²³⁄₃₂ per cent; one-month trade bills 16¾ per cent; two-months 16½ per cent; and three-months 16⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from August 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.8005 per cent.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 27, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.2306
Algeria	Dinar	3.8366
Andorra	French Franc	4.1807
	Spanish Peseta	72.685
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7066
Argentina	Argentine Peso	1872.50
Australia	Australian $	0.8647
Austria	Schilling	12.743
Azores	Portug. Escudo	49.83
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3776
Balearic Isles	Spanish Peseta	72.685
Bangladesh	Taka	14.8361
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.872
	B. Franc (F)	29.335
Belize	Belize $	2.00
Benin	C.F.A. Franc	209.036
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.8125
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.773
Brazil	Cruzeiro	54.70
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.135
Bulgaria	Lev	0.876
Burma	Kyat	5.7271
Burundi	Burundi Franc	90.00
Cameroun Republic	C.F.A. Franc	209.035
Canada	Canadian $	1.1585
Canary Islands	Spanish Peseta	72.685
Cape Verde Isle	Cape V. Escudo	35.31
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	209.035
Chad	C.F.A. Franc	20.9035
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	47.70
Comoros Islands	C.F.A. Franc	209.035
Congo (Brazzaville)	C.F.A. Franc	209.036
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.707
Cyprus	Cyprus Pound	0.3515
Czechoslovakia	Koruna (D)	5.60
Dem. Rep. S. Tome & Principe	S. Tome Dobra	34.4532
Denmark	Danish Krone	5.5665
Djibouti Rp. of	Djibouti Franc	163.384
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	76.565
Ethiopia	Birr (O)	2.0855
Faroe Islands	Danish Krone	5.5665
Falkland Islands	Falkland Is. £*	2.3274
Fiji Islands	Fiji $	0.8011
Finland	Markka	3.5655
France	French Franc	4.1807
French C'ty in Af.	C.F.A. Franc	209.035
French Guiana	Local Franc	4.1807
French Pacific Is.	C.F.P. Franc	75.8825
Gabon	C.F.A. Franc	209.035
Gambia	Dalasi	1.5755
Germany (East)	Ostmark (O)	1.801
Germany (West)	Deutschemark	1.801
Ghana	Cedi	2.75
Gibraltar	Pound*	2.3674
Gilbert Is.	Kiribati	0.8647
Greece	Drachma	46.275

COUNTRY	CURRENCY	VALUE OF DOLLAR
Greenland	Danish Krone	5.5666
Grenada	E. Caribbean $	2.7055
Guadeloupe	Local Franc	4.1807
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	35.5015
Guinea Republic	Syli	18.7553
Guyana	Guyanese $	2.5308
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	4.9495
Hungary	Forint (O)	32.6062
Iceland	I. Krona	498.50
India	Ind. Rupee	7.6125
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt*	2.0956
Israel	Israeli Pound (4)	55.32
Italy	Lira	855.95
Ivory Coast	C.F.A. Franc	206.036
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	215.95
Jordan	Jordan Dinar	0.2805
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3661
Korea (Nth)	Won	0.94
Korea (Sth)	Won	604.00
Kuwait	Kuwait Dinar	0.2675
Lao P'ple D. Rep	Kip of Lib.	15.00
Lebanon	Lebanese Pound	3.422
Lesotho	Loti	0.7582
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2951
Liechtenstein	Swiss Franc	1.661
Luxembourg	Lux Franc	28.872
Macao	Pataca	5.306
Madagascar D. R.	MG Franc	209.035
Madeira	Portuguese Escudo	49.83
Malawi	Kwacha	0.8065
Malaysia	Ringgit	2.1516
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	418.07
Malta	Maltese Pound	0.3397
Martinique	Local Franc	4.1807
Mauritania	Ouguiya	41.807
Mauritius	M. Rupee	7.514
Mexico	Mexican Peso	23.00
Miquelon	French Franc	4.1807
Monaco	French Franc	4.1807
Mongolia	Tugrik (O)	3.3565
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.655
Mozambique	Moz. Escudo	36.0849
Namibia	Rand	0.7582
Nauru Is.	Aust. $	0.8647
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.966
Netherland Antilles	Antillian Guild	1.80
New Zealand	NZ $	1.0246
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	209.035
Nigeria	Naira (D)	0.6545
Norway	Norw'n Krone	4.858
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Papua N.G.	Kina	0.665
Paraguay	Guarani	127.50
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	294.58
Philippines	Ph. Peso	7.86
Pitcairn Islands	NZ $	1.0246
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	49.83
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.1807
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7095
St. Helena	£ Sterling*	2.3874
St. Lucia	E. Caribbean $	2.7023
St. Pierre	Fr Franc	4.1807
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	855.95
Saudi Arabia	Saudi Riyal	3.3255
Senegal	C. F. A. Franc	209.035
Seychelles	S. Rupee	3.5833
Sierra Leone	Leone	0.8577
Singapore	Singapore $	2.136
Solomon Islands	S.I. $	0.8647
Somali Republic	Som. Shilling	3.0241
South Africa	Rand	0.7582
Spain	Peseta	72.685
Spanish Ports in North Africa	Sp. Peseta	72.686
Sri Lanka	S. L. Rupee	15.45
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7582
Sweden	S. Krona	4.1805
Switzerland	Swiss Franc	1.661
Syria	Syria Pound	3.8252
Taiwan	New Taiwan (O)	36.00
Tanzania	Tan Shilling	8.1898
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	205.038
Tonga Islands	Pa'anga	0.8647
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.4151
Turkey	Lira	80.00
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8647
Uganda	Ug. Shilling	7.3551
United Arab Emir.	UAE Dirham	3.6804
United Kingdom	£ Sterling*	2.3874
Upper Volta	C.F.A. Franc	209.035
Uruguay	Urug. Peso	9.26
U.S.S.R.	Rouble	0.637
Vanuatu	Aust. $	0.8647
Vanuatu*	FNH	57.5514
Vatican	Italian Lira	855.95
Venezuela	Bolivar	4.2957
Vietnam N.	Dong (O)	2.16
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9027
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	27.45
Zaire Republic	Zaire Zaire	1.5915
Zambia	Kwacha	0.7799
Zimbabwe	Zim $	0.6966

n.a. Not available. * U.S. dollars per National Currency unit. (D) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.
(5) New Hebrides Independence 30/7/80 now named Vanuatu.

WESTLAND/UTRECHT INTERIM STATEMENT

for the half year ended 30th June 1980

Amsterdam, 22nd August 1980

Operating profit in the first six months of 1980 amounted to f 31.8 million. Net profit for the same period was f 16.8 million. The following table shows the quarterly operating profit and net profit, expressed in millions of guilders and earnings per share, in guilders, for 1979 and the first half of 1980:

	1979				1980	
Operating profit	27.7	28.1	28.2	25.6	18.7	13.1
Net profit	13.7	14.1	14.2	13.6	9.7	7.1
Earnings per share	17.2	17.51	17.74	16.89	12.05	8.78

The second quarter was characterized by continuing stagnation in the housing market, which may be attributed to the uncertain economic and political situation, the unsettled climate for home ownership and very high interest rates in relation to the expected level of inflation.

To varying degrees these factors have also influenced the granting of loans on commercial property by the bank.

A very satisfactory increase was recorded in the amount of credit granting for foreign properties although, of course, this was modest in comparison with our operations on the domestic market.

In the six months under review approximately 8,700 mortgage loans were arranged, with a value of f 956 million, compared to 9,200 loans amounting to f 1,502 million for the same period of 1979. After deduction of repayments, the portfolio rose by f 620 million to f 13.178 million. The increase in the corresponding period of 1979 was f 1,115 million.

In the property sector new projects to a value of f 102 million were embarked upon in the first six months of 1980, compared to f 144 million for the corresponding period of 1979. This includes the operations of associated companies. The projects were almost entirely confined to commercial properties. There was a further slow-down in the sales in the housing sector owing to market conditions. Consequently, the results achieved by the property sector fell below expectations despite an increased volume of our foreign-based operations.

In the period under review, capital raised on the money and capital markets amounted to f 782 million, bringing the total funds derived from these sources to f 13.746 million.

We have already referred to the growth of our activities abroad. This can be attributed in large measure to a further improvement in our foreign organization. Thus, Westland/Utrecht Hypotheekmaatschappij NV of Brussels was able to commence operations, having received the necessary approval from the authorities. Our certificates, already listed on the Brussels, Antwerp, Frankfurt and Düsseldorf Stock Exchanges, have also been admitted to the London Stock Exchange.

Providing that no special developments occur which have a negative effect on the money and capital market and on the property market, we expect that results for the third and fourth quarter should be very much in line with the figures for the second quarter.

WESTLAND/UTRECHT HYPOTHEEKBANK NV
Sarphatistraat 1/1017 WS Amsterdam

Consolidated Balance Sheet

30/6/1979 f	31/12/1979* f	30/6/1980 f	Assets
32,915	34,196	34,334	Office premises
278,036	350,879	377,456	Property managed
483,396	506,047	664,302	Building projects in hand
72,537	96,241	102,130	Associated companies
11,621,172	12,558,869	13,178,418	Mortgages
949,769	890,979	372,834	Construction loans and other advances
121,845	154,438	194,874	Sundry receivables and prepayments
510,183	617,491	611,518	Interest receivable on mortgages and other loans
47,582	11,985	20,000	Short-term loans
88,555	144,145	28,791	Bank and cash
14,166,012	15,344,250	16,172,555	

30/6/1979 f	31/12/1979 f	30/6/1980 f	Liabilities
40,337	40,337	40,337	Share capital
245,038	281,116	281,116	Reserves
132,955	157,953	157,953	Subordinated loans
11,953,498	12,953,540	13,745,642	Borrowed funds
275,039	208,189	136,367	Mortgage retentions
148,941	105,574	132,215	Invoiced instalments on building projects in hand
797,719	870,972	1,001,273	Sundry creditors and amounts received in advance
598,952	718,589	660,816	Interest payable on borrowed funds
27,858	—	16,806	Net profit
14,166,012	15,344,250	16,172,555	

* after appropriation of profit

Consolidated Profit and Loss Account (in f 000's)

2nd quarter 1979 f	1st half year 1979 f	2nd quarter 1980 f	1st half year 1980 f	
249,641	486,181	301,180	591,147	Interest on mortgages
12,201	22,581	6,556	16,521	Commission on mortgages
261,842	508,842	307,736	607,668	Revenue from mortgages
23,681	43,393	29,181	57,064	Interest on construction loans and other advances
2,705	5,142	2,327	4,639	Commission on construction loans and other advances
26,386	48,535	31,498	61,703	Revenue from construction loans and other advances
3,624	8,845	7,715	13,785	Interest on building projects
3,935	8,155	1,816	4,662	Gross profit on building projects
7,559	17,000	9,531	18,427	Revenue from building projects
5,733	10,731	6,569	13,071	Property management revenues
5,520	6,609	1,542	3,184	Income from associated companies
2,468	5,649	3,858	6,063	Interest from liquid resources and sundries
309,508	597,586	360,224	710,116	Group revenues
248,240	480,352	314,809	615,567	Interest on borrowed funds
8,553	13,614	5,836	11,027	Acquisition cost of borrowed funds
256,793	493,966	320,645	626,594	Total cost of borrowed funds
22,897	44,433	24,448	47,487	General expenses
1,683	3,311	2,047	4,229	Depreciation of property
281,379	541,710	347,140	678,310	Group costs
28,129	55,858	13,084	31,806	Operating profit
3,000	5,500	2,000	4,000	Provision for general contingencies
11,000	22,500	4,000	11,000	Taxation
14,000	28,000	6,000	15,000	
14,129	27,858	7,084	16,806	Net profit

WORLD STOCK MARKETS

Dow further down at 1pm

Despite a modest rally from early hours, prices were still easier at midsession, continuing the downward trend the market has shown all week.

The Dow Jones Industrial Index stood at 938.40 at 1 p.m., *4.69 down on Wednesday's close*, on volume of 27.31m shares (31.19m) in moderate trading. Declines led advances by less htn two to one. The NYSE All Common Index was 24c lower at $70.91.

Higher interest rates and inflation were given as causes of the easier trend, with the modest comeback apparently attributable to profit-taking. Dealers noted that trading slowed as the market began to recover, and prices dipped again.

Best Products, *which reported lower fiscal 1980 profits*, lost $1¼ to $25½.

Alaska Interstate rose $2¼ to $28½, attributing the gain to a *favourable analysts' report*.

Mobil was up ⅜ to $70½. The company said the final test of the upper intervals of the Ben Nevis 1-45 well off Newfoundland showed non-commercial amounts of hydrocarbons.

OKC, halted since yesterday, was off $1⅜ to $78⅞ after resuming. It said Central States Investment may want to sell part of its 20 per cent stake in OKC shares.

THE AMERICAN SE Market Value Index retreated 0.72 by 1 p.m. to 327.83 on volume of 3.9m shares, down on Wednesday's volume of 4.1m.

Splentex rose $1 to $6⅜ after a delayed opening. It announced plans to merge with the newly-formed Splendour Form International, with public shareholders receiving $7 a share.

Lake Shore Mines shed $1⅛ *to* $18½ and Sundance Oil $2½ to $51.

Canada

Stock prices continued lower in moderate noon trading, with the Toronto Composite Index off 7.3 points at 2,235.0. *Losses* led gains 222 to 139, on volume of 2.58m shares (2.99m).

Golds were up 10.1 to 5,079.2 but Metals and Minerals fell 7.2 to 2,183.1.

Oil stocks were generally lower *with* **Hudson's Bay Oil** ⅛ *lower at* C$35⅝, **Texaco Canada** ⅛ at C$25⅞ and **Imperial Oil "A"** C$1 at C$41⅞.

However, **Gulf Canada** was up ¾ to C$30⅞ on news that the Grand Banks off Newfoundland, where Gulf has interests, may hold 10bn barrels of oil.

Royal Trustco "A," the most active Industrial on 259,777 shares rose C$4¼ to C$20¼.

Thomson Newspaper rose C$1⅜ to SC20⅜ and **Southam** C$2 to C$40 on small volume. Each *announced newspaper closures in* Canada.

Closing prices for North America were not available for this edition.

Paris

Shares eased moderately in *fairly active trading. Sentiment* was affected by Wall Street's lower trend, but the 1.5 per cent rise in French retail prices for July, announced yesterday morning, apparently had little impact on prices.

Banks, Foods, Cars, Stores, Metals, *Chemicals* and *Textiles* all lost 2-3 per cent on average.

Oils for the second day running lost ground, partly in anticipation of additional oil company taxation expected to be announced early next month. Elf-Aquitaine lost FFr 21 to FFr 1,111.

Among Foreign shares, U.S. stocks, Oils, Coppers and Dutch shares weakened. Germans were unchanged and Gold Mines firmed.

Germany

Prices were broadly lower, though some recovery was seen *from* opening levels. Wall Street's Wednesday decline was suggested as a main cause. The Commerzbank Index dropped 6.4 to 723.6.

Hoesch in Steels added DM 1.30 to DM 24 against the trend, and **VW** in Cars rallied to close unchanged at *DM 172.50* despite news of short-time working at its Audi subsidiary.

Banks tended lower, with **Dresdner** losing DM 3.50 to DM 189 amid worries about its dividend prospects.

Public Authority Bonds shed as much as 60pf, and the Bundesbank bought DM 19.6m of paper after purchases of DM 10m on Wednesday.

Mark Eurobonds were generally weak, with prices down as much as 80pf.

Milan

Prices closed *irregularly* lower in quieter trading, dominated by profit-taking after a firm opening.

Fiat held unchanged on L1,700 while **Pirelli** gained L29 to *L904*. Other gains included **ANIC**, **Italgas** and **Italsider**, but leading Banks, Insurances, Properties and **Montedison** among *Industrials lost ground*. Stores group **Rinascente** lost L21.50 to L252.

Tokyo

After opening higher, stocks closed sharply down on heavy profit-taking and liquidations. *The Nikkei Dow Index* lost 50.83 to finish at 6,879.3. Declines led advances 373 to 242 in light trade of 220m *shares* (310m). The Tokyo S.E. Index was 1.58 down at 476.85.

Most shares except some Oils and Speculatives lost ground widely, *partly* because of lack of buying support by foreign investors. **Sony** shed Y100 at Y2,550; **TDK Electronics** Y50 at Y2,650, **Ricoh** Y20 at Y550, **Matsushita Electric** Y14 at Y730, **Hitachi** Y7 at Y300, **Dowa Mining** Y25 at Y488, and **Victor** Y60 at Y1,820.

Hong Kong

The market moved down in active trading, with heavy selling seen throughout the day after a firmer start. The decline was attributed to fears that the local prime rate *might soon* be raised to catch up with the U.S. prime.

Losers included **Hong Kong Shanghai Bank** and **Hong Kong Land**, both down 20c to HK$17.50. **Hutchison Whampoa**, down 20c to HK$12.10, **Jardine**, down 50c to HK$20.20, and **Hong Kong and Kowloon Wharf**, down *HK$2 to HK$88*.

Against the trend, **Hong Kong Electric** put on 5c at HK$7.10 and **Wheelock "A"** 10c at HK$5.70.

Singapore

Prices were down in quiet trading, the Straits Times Industrial Index shedding 4.77 to 596.40.

Heavyweight **Sime Darby** reported a 21.7 per cent gain in net profit but did not offer the free scrip issue expected. It eased from *S$3.70 to* S$3.68. **Rothmans** also declined, 45c to S$6.15, after disappointing expectations of a free scrip issue.

Elsewhere, Plantations were *sometimes sharply lower*, Banks and Tins lower and Properties mixed.

Australia

Nervous selling and lack of overseas interest drove the market generally lower. Heavyweight Mining and *Industrial* stocks were hit hardest; falls outnumbered rises 112 to 26 in Mines and 38 to 10 in Oils, but overall Industrial gains edged out losses 56 to 51.

BHP fell 30 cents to A$15.45, **MIM** 6 cents to A$5.18 and **CRA** 16 cents to *A$6.25 in spite* of recently reporting new gold finds in Western Australia.

Johannesburg

Gold shares closed firmer, reflecting the gold price in *moderate activity*. **De Beers** put on 5c to R11.65.

Heavyweights gained around 150 to 350 cents and Medium and Lightweights 10 to 100 cents. Mining Financials were mixed to *firmer with JCI up R3 at R90* on results.

In Platinums, **Implats** and **Rusplats** rose 50c and 10c to R10.75 and R7.60 respectively on *producer price increases*. Samancor was unchanged at R3.45 after interim results, and Coppers closed mixed, unaffected *by* the fall in the London copper price.

Industrials were mixed to easier.

NEW YORK

CANADA

Stock	Aug. 27	Aug 26
Abitibi	91	21¼
Agnico Eagle	16⅝	15½
Alcan Alumn.	36⅞	37⅝
Algoma Steel	38½	40¼
Asbestos	62	38
Bk Montreal	29¼	22½
Bk Nova Scotia	32⅝	53⅝
Basic Resources	16	16

BELGIUM (continued)

Aug. 28	Price Frs.	+ or —
Petrofina	4,810	—120
Royale Belge	5,630	—80
Soc Gen Banq	2,430	—15
Soc Gen Belge	1,362	—8
Sofina	3,450	....
Solvay	2,630	—10
Traction Elect.	2,540	....
UCB	1,520	....
Union Miniere	732	+2

HOLLAND

Aug. 28	Price Fls.	+ or —
ACF Holding	78.50	—0.50
Ahold	72.50	—0.50
AKZO	22.40	+0.10
ABN	306.50	....
AMEV	89.20	—0.10
AMRO	65.40	—0.50
Bredero Cert.	188	+6.50
Bos Kalis	94.20	—0.50

AUSTRALIA

Aug. 28	Price Aust. $	+ or —
ANZ Group	4.75	....
Acrow Aust	1.12	....
Allstate Expl.	1.85	—0.10
Ampol Pet.	1.45	—0.00
Assoc. Pulp Pap.	8.20	—0.06
Audimco	0.28	....
Aust Cons Ind.	2.16	....
Aust Guarant.	1.58	+0.05
Aust Nat Inds.	2.92	—0.03

JAPAN (continued)

Aug. 28	Price Yen	+ or —
Kubota	370	....
Kumagai	437	—4
Kyoto Ceramic	5,430	....
Lion	390	+5
Maeda Cons.	335	....
Makita	1,010	—20
Marubeni	406	....
Marudai	620	+8
Marui	686	....

Indices

NEW YORK —DOW JONES

NEW YORK ACTIVE STOCKS

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

NORWAY

SWEDEN

ITALY

SWITZERLAND

HONG KONG

SINGAPORE

SOUTH AFRICA

JAPAN

BRAZIL

COMMODITIES AND AGRICULTURE

هكذا من الأصل

Apple glut in sight

By Richard Mooney

APPLE PRICES fell sharply on the British market this week as the glut domestic growers have feared for some time began to develop.

With deliveries of English early varieties building up and shipments of French Golden Delicious getting into full swing shop prices were pushed down by as much as 20 per cent. French Golden Delicious were fetching 28-32p a lb compared with 35-40p a week ago while Discovery, the new English early variety, was generally sold for 25-35p against 36-40p, according to figures published by the Fresh Fruit and Vegetable Information Bureau yesterday.

British growers expect the market to remain under pressure, especially following a threat from French growers this week to step up their shipments by 5 per cent to a record 250,000 tonnes this season. The British have pleaded in vain for protection against the French apples, which they claim are grown with the aid of Government subsidies, and attempts have been made to reach a voluntary agreement with the French to avoid disruption of the UK market.

But M. Charles Calleja, a representative of the French growers, has told them France will send as many apples as the British housewife will buy. The British must produce what the public wants if they are to hang on to their market, he declared.

Banana prices shot up in British shops this week in the wake of Hurricane Allen, which destroyed much of the Caribbean crop. The Bureau said average prices were between 30p and 34p a pound compared with 25-30p last week.

Coarse grain shortfall predicted

By Our Own Correspondent

WORLD demand for coarse grains will reach 750m tonnes this year, 30m tonnes above estimated output, the Annual Conference of the Queensland Graingrowers' Association at Toowoomba, Australia, was told yesterday.

Mr. Howard Colbert, the associatinn's executive directnr, said any farmer who could produce a coarse grain crop next year would "reap buge benefits."

Copper tumbles as end to U.S. strike is seen

BY DAVID LASCELLES IN NEW YORK AND ROY HODSON IN LONDON

A FALL of £40.5 a tonne in copper on the London Metal Exchange yesterday was a sharp reminder of the underlying weakness in demand for the metal.

The immediate reason was the prospect of an end to the two-months strike that has affected U.S. production. Negotiations in Phoenix, Arizona, have now cleared the way for an early settlement between Kennecott, the largest U.S. copper producer, and the unions.

But demand for copper also is being severely affected by cutbacks in industrial production in many parts of the world.

Australian producers are the latest to react. Mount Isa Mines said yesterday its price for copper will be lowered to $1,800 a tonne from $1,820 a tonne from today. The Electrolytic Refining and Smelting Company of Australia is making an identical adjustment to its ex-works Port Kembla Refinery price.

Meanwhile it is reported by Japanese government sources that Japanese electrolytic copper production is running at between 2 per cent and 3 per cent below the level of last year.

The terms of the Kennecott Agreement will still have to be approved by a conference of workers in the non-ferrous metal industry which is due to convene today in Phoenix. However, a union spokesman said yesterday that unanimous approval was expected.

Given that Kennecott employs 20 per cent of the workforce of the copper industry, its settlement was also expected to set a pattern for other companies, notably Phelps Dodge and Anaconda, though resumption of full production could take several weeks.

The spokesman said the terms of the settlement would be withheld until they are put to the workers for approval. However, they are understood to provide for a 30-32 per cent rise over three years, on top of the existing cost-of-living clause which gives workers one cent per hour for every 0.3 rise in the consumer price index.

The union spokesman said the terms were somewhat higher than those obtained by steelworkers, but less than the aluminium workers. He also claimed that they met the unions' goal of maintaining pay relationships with workers in the steel, rubber and motor industries.

The three-yearly copper wage negotiations usually produce a strike. However, this year's talks, which involved no fewer than 23 unions, were particularly tough because of the current inflationary environment.

News that a settlement was imminent sent copper prices tumbling. Spot copper fell more than 3c a pound at the opening to 86 cents on the New York Commodity Exchange.

Cash copper wirebars were traded down on the LME throughout the day to finish at £816.5 a tonne, a fall of £40.5 from the previous night's closing price.

Platinum producers raise price

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S two largest platinum producers, Rustenburg and Impala, have increased their platinum price quote to $475 (£202) an ounce from $420 (£182.50). The producer price was last increased in December 1979 from $380 to $420.

Company spokesmen believe that the platinum producer increase is justified at this stage as working costs at producing mines have advanced steadily since the last increase, while earnings and revenue have been restrained by the strength of the South African Rand against the dollar. At the same time, they believe that the important U.S. automobile industry has seen its worst, and will pick up with the new model season.

Contractual platinum sales to the U.S. car producers for catalysts in emission converters which generally account for about one-third of the total market, are, bowever, not directly related to the prodncer price quote. Long-term dellvery contracts negotlated during the past few years were agreed on a base price conpled with cost escalation factors and allowances for curreocy movement.

Another big market for platinum, the Japanese jewellery industry, has suffered from weak demand this year in the face of high free market prices. A spokesman for Rustenburg points out however that the latest Japanese import figures show a rising trend and believe that the jewellery market in that country may now be recovering.

For several months management at Rustenburg and Impala have been perturbed that some buyers of platinum at the producer price have not been using the metal themselves but immediately selling it at a profit to speculative buyers at the higher free market price.

They believe, however, that the latest producer price increase will not result in a surge in free market prices as happened following last December's price rise.

Cocoa officials sacked

THE GHANAIAN authorities have dismissed 45 officials, some of them senior, from the country's Cocoa Marketing Board, reports Reuter.

Radio Accra reported yesterday that those dismissed were alleged to have been involved in cocoa smuggling, fraudulent deals, defrauding and misappropriation of funds.

They included the assistant purcbasing officer in the Ashanti region, a principal accountant and the principal internal auditor in Kumasi, the radio said.

● Signs that Ghana is prepared to reduce its export price for cocoa in line with the world market encouraged a further fall in London futures prices yesterday. The December position ended the day £15 down at £981.5 a tonne, the lowest level for four years.

Dealers sald Gbana bad indicated a selling price of £1,130 a tonne for May/July 1981 delivery cocoa, £30 below the previous traded level though still about £20 above the futures level.

Danish bacon cheaper

By Our Commodities Staff

DANISH BACON should be cheaper in the shops next week following a £50 cut in the first-hand selling price announced yesterday. Ess-Food, the Danish bacon factories' export association, said the price had been reduced to £1,210 a tonne, its lowest level since last October.

FMC, Britain's biggest curer has made a similar cut in its official price, taking it to £1,180 a tonne. But meat traders said this was only likely to result in a reduction in the discounts of around £70 a tonne already available against the official price. They thought the actual price to retailers would be little changed.

The Danish cut is equivalent to about 2.25 a lb spread over a whole side, but most of the reduction is expected to be concentrated on the middle, where the rashers come from. This could mean a 3p or 4p a lb cut in retail rasher prices.

Denmark supplied 138,680 tonnes of bacon to the UK in the first 33 weeks of this year compared with 130,150 tonnes in the same period of 1979, Ess-Food said.

Call to raise cheese subsidy

By Our Commodities Staff

MR. PETER WALKER, the UK agriculture minister, has been pressed to urge the EEC Commission to double to £600 a tonne, the subsidy paid on cheese exports.

In a letter to the Minister Mr. Chris Noonan, export development director of Express Creameries, said Britain's export opportunities to America could collapse if a substantial increase in the subsidy were not forthcoming. He said it was essential to maintain British exports to the U.S. to offset the effects of renewed Commonwealth market access under GATT rules which came into effect on January 1.

Even a £600 export refund would make the American business "only barely profitable," Mr. Noonan told Mr. Walker. Bnt without it the EEC might continually fail to meet its U.S. quota and the Americans might therefora switch to cheaper Commonwealth suppliers.

The current EEC export refund is £326 a tonne.

UK CEREAL HARVEST

It only goes to show...

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

LAST SUNDAY WEEK I left the farm and my harvest to have a look at Danish farming problems, of which more at a later date. It was rather an improvident action for an arable farmer with some 300 acres to secure, but it was raining at the time of my departure, and more importantly less than 100 acres showed any sign of being in any way likely to ripen over the next ten days or so.

After three days I rang home to find that the sun was shining, the machinery all working well, and the wheat was ripening fast.

In fact, the combines started on the Monday afternoon, and had not stopped until all the wheat and barley was finished by last Tuesday evening, except for some spring-sown wheat which is a fortnight away. There had been no breakdowns at all until I drove into a field on my return, and one of the combines immediately stopped with a minor break. I was advised to keep away until they had finished.

This was an astonishing turnround, as close examination of the standing wheat before going away indicated September as the earliest date for ripening for the greater part of it. Indeed this is normal on my farm. It only goes to show that in farming, experience is no better guide than ignorance as to the results of any growing season.

This was further borne out by the yields and quality of the grain. Accepted wisdom has it that wheat does best in a dry summer with plenty of hot sun. All I can say is that after the coldest and most sunless late summer that I can remember my yields and grain quality were much better than I expected.

The auguries were not particularly good. None of the autumn-sown crops tillered as I thought they should. That means they did not throw as many heads as I would have liked to see, and the standing crops always looked thin in consequence.

But on the other hand the ears were long and well filled and showed no signs of disease until very late in the growing season when the time for remedial measures was past.

In fact it was a bad year in which to judge the efficacy of chemicals. I used a growth regulator on three fields of wheat and on only one could I claim it had given any improvement. The theory behind the use of this material is that it restricts the length of straw and thus allows the use of more nitrogen. There is no doubt in my mind that the spring drought combined with the regulator prevented the full development of the crop.

The only chemical which worked really well was a mildewicide on spring barley. But here the malady was obvious, the crop was dying in the drought from the fungus and without the chemical yields would have been negligible. At least I think they would have been.

This uncertainty about the use of these chemicals is one of the confusions of modern farming. They undoubtedly work, but the published results of many trials indicate that although yields can be increased through their use on a blueprint system actual profits per acre, which is what farming is all about, can be just as good on a low use of these chemicals. Or even none at all.

On my own farm I wasted a great deal of money because the pre-emergent herbicides did not work owing to the drought last autumn, which lasted several weeks. It is quite true that farmers are warned that this might happen, but in practical terms the chemical must be applied when the crop is at a certain stage, and as no weather forecast is accurate for more than a few hours, one has to reply on probabilities.

But although the season has suited crop yields, it has caused other problems which may be felt for some time. Because of the failure of the autumn herbicides, there has been a considerable survival of weeds, particularly meadow grass and volunteer grasses. These developed luxuriantly during July and August in the wheat fields and they will take a great deal of killing. Some of the winter barley was also quite badly infested, but because it harvested early, the weeds have not developed anything like as seriously.

The final yields are hard to estimate at the moment, but it looks as though the wheat will average about 45 cwts an acre—rather down on last year—while the winter and spring barley will do better at about 45 cwts and 40 cwts. So the overall tonnage will be roughly the same.

The only remaining problem apart from sowing next year's crops will be making sure that the returns will cover the extra costs of the past year's farming. This after several fairly reasonable financial years for cereal growing, due partly to very low historic costs, looks like being difficult.

It is true that the intervention price for grain has risen by about 11 per cent, but even if the fullest advantage is taken of this as a basis, my returns for both wheat and barley sales for the months up to January will be very little improved over last year. In any case, the graduated rising intervention price does not match, by a sizeable margin, the cost of financing storing.

UK barley exports up sharply

UK BARLEY exports in the first ten days of the new season starting on August 1 were 49,943 tonnes, the Home Grown Cereals Authority (HGCA) reports.

This compares with only 39,000 tonnes exported during the whole of August a year ago. Exports for all of July thia year totalled 79,000 tonnes.

Wheat exports for the first ten days of August, however, were sharply lower at 1,561 tonnes, compared with 15,000 tonnes for the whole of July this year and 27,000 tonnes exported in August, 1979, the HGCA said.

Meanwhile, Greece is expected to export about 1.1m tonnes of wheat this year, up from 592,000 tonnes last year, the U.S. Agriculture Department bas said.

USDA, in its weekly report on world production and trade, said Greece this year will barvest a record wheat crop of 2.9m tonnes, well above the 2.4m tonnes in 1979.

Greece apparently has sbifted its export policy, now selling wbeat as grain rather than exporting wbeat flour and other processed wbeat products,

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fell heavily following news that Kennecott had reached agreement in principle with the striking copper workers. After opening at £864 forward metal came under heavy selling pressure and dropped to £828 on the pre-market. In the rings the price fluctuated between £828 and £834. The opening of New York markets saw forward metal trade at limit down and London dipped to £824 before a late rally left the price at £835 on the Kerb. Turnover: 25,475 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	811-11.5	—47	810.6	—40.8
3 months	828-28.6	—45	834.75	—38.5
Settlem't	811.6	—47	—	
Cathodes				
Cash	780-81	—44.7	785.6	—38.5
3 months	804-00	—43.7	810.5	—36.2
Settlem't	781	—44.6	—	......
U.S. Prod	—	......	*92.00-6.25	—0.07

Amalgamated Metal Trading reported that in the morning three months traded at £830, 33, 34, 35, 34, 33, 32, 31, 29, 28, 29, 28.5, 29, 28, 29, 28.5. Cathodes: Cash £781; three months £804.5, 5. Kerb: Wirebars: Three months £828.9, 28, 29, 28, 29, 29.5, 29, 28.5. Cathodes: Untraded. Afternoon: Wirebars: Cash £818; three months £834, 32, 31, 30, 31, 32, 33, 33.5, 35, 34, 35, 34.5, 34, 34.5, 35. Cathodes: Cash £785.5; three months untraded. Kerb: Wirebars: Three months £835, 36, 37, 36, 35, 34.5, 35. Cathodes: Untraded.

TIN—Barely changed. Forward metal fell away to £7,110 on the early pre-market, reflecting the decline in copper, and this selling continued to depress the market which dipped to £7,095 before rallying to £7,110 on the morning

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7088-90	—12.5	7090	—20
3 months	7105-15	—20	7120	+7
Settlem't	7090-15	—15	—	......
Standard				......
Cash	7088-90	—12.5	7090	—20
3 months	7102-08	......	7120	+7
Settlem't	7090-15	—4	—	......
Straits. E.	$2149	—15	—	......
New York	—	+2		

Kerb. However, in the afternoon good fresh buying lifted three months to a high of £7,130 prior to a close on the late Kerb of £7,125. Turnover: 770 tonnes.

Morning: Standard: Cash £7,090, 85; three months £7,110, 7,100, 7,095, 7,100, 02, 05. High Grade: Cash untraded; three months £7,115. Kerb: Standard: Untraded. High Grade: Untraded. Afternoon: Standard: Cash untraded; three months £7,110, 15, 20. High Grade: Untraded. Kerb: Standard: Cash £7,110; three months £7,135, 40. High Grade: Untraded.

LEAD—Marginally easier. Forward metal fell away £375 to £359 on the early pre-market reflecting the weakness of the copper market. However, the morning rings saw the emergence of good fresh buying of both cash and forward metal which lifted the former to £359 and the latter to £372. This demand continued into the afternoon and forward metal touched £376 on bear covering before easing to close the late Kerb at £372. Turnover: 28,175 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	359-9.5	—5.75	362.25	—2.25
3 months	372-73	—5.75	375.75	—2.37
S'ment	359.5	—6	—	......
U.S. Spot	—	......	*44	......

Morning: Cash £358, 50; three months £369, 68, 67, 68, 69, 69.5, 70, 69.5, 70, 71, 73. Kerb: Three months £372.5, 73. Afternoon: Cash £362; three months £374, 75, 76. Kerb: Three months £376, 75, 74, 75, 73, 72.

ZINC—Moved narrowly in quiet trading prior to closing the afternoon Kerb at £337.5. Turnover: 6,525 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficl'	+ or —
	£	£	£	£
Cash	325-5.5	—4	327.5	—3
3 months	335.5-36	—2.5	338.25	—2.5
S'ment	325.5	—4	—	......
Primw'ts	—	......	*35.5	......

Morning: Cash untraded; three months £337, 35, 36, 35.5. Kerb: Three months £334. Afternoon: Cash untraded; three months £336, 36.5, 37, 38, 39, 38.5. Kerb: Three months £338.5, 38, 37.5.

ALUMINIUM—Lost ground in line with other metal markets. Three months opened at £715 but came under pressure from profit-taking and stop-loss selling which depressed the price to a day's low of £708 on the late Kerb. Persistent offerings of cash metal narrowed the backwardation to £3. Turnover: 6,925 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	714.5-15.5	—12.0	712.5	—13
3 months	710-11	—11	710.25	—8.25

Morning: Cash untraded; three months £710, 09, 10, 09, 10. Kerb: Three months £710. Afternoon: Cash £717; three months £709, 9.5, 10. Kerb: Three months £711, 10, 09, 09, 08.

NICKEL—Lost ground as heavy selling prompted by the decline in copper triggered stop-loss selling. Consequently, forward metal fell from £2,750 to the day's low of £2,710 before a late rally left three months at £2,717.5 on the late Kerb. Turnover: 600 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2715-25	—15	2702.5	—17.5
3 months	2752-58	—22.5	2735	—22.5

Morning: Cash untraded; three months £2,750, 53, 55, 57, 55. Kerb: Three months £2,752. Afternoon: Cash untraded; three months £2,740, 45, 40, 35. Kerb: Three months £2,725, 20, 15.

SILVER

Silver was fixed 3.35p an ounce higher for spot delivery in the London bullion market yesterday at 676p. U.S. equivalents of the fixing levels were: spot $19.15, up 9.5c; three-month $18.627, up 10.6c; six-month $17.125, up 8.2c; and 12-month $18.02, up 13c. The metal opened at 671p-679p ($19.05-$19.25) and closed at 675p-682p ($19.15-19.30).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	676.0p	+3.35	676.0p	......
3 months	702.90p	+2.8	705.9p	+2.12
6 months	728.90p	+2.8	—	......
12months	772.90p	+3.8	—	......

LME—Turnover 92 (85) lots of 10,000 ozs. Morning: Three months 702, 3, 4, 4.5, 4, 3.3, 3.5. Kerbs: Three months 704. Afternoon: Three months 705, 5, 6.5. Kerbs: Three months 705.

COCOA

Renewed commission house selling caused cocoa futures to ease further and trade at new contract lows. Producers remained withdrawn but consumers showed more inclination to price fix and replace cover, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Sep	939-940	—14.0	950-938
Dec	981-982	—15.0	995-980
March	1025-26	—18.0	1038-26
May	1044-46	—16.5	1059-46
July	1065-67	—14.5	1079-71
Sept	1081-92	—11.5	1101-81
Dec	1112-16	—12.0	1125-17

Sales: 3,858 (2,225) lots of 10 tonnes.

COFFEE

Robustas opened £10-£15 higher, but mixed selling restricted any further advance and prices eased in thin conditions to around unchanged on the morning, reports Drexel Burnham Lambert. The afternoon saw the market ease further in mixed dealings. Some late trade support closed the market just above the lows.

COFFEE	yesterday's Close £ per tonne	+ or —	Business Done
Sept	1091-93	—26.0	1130-090
Nov	1136-38	—24.5	1170-30
January	1175-77	—20.0	1212-105
March	1181-85	—9.5	1212-180
May	1192-1200	—18.0	1218-100
July	1202-15	—16.5	—
Sept	1210-30	+19.6	—

Sales: 4,815 (4,094) lots of 5 tonnes.

ICO Indicator Prices for August 27 (U.S. cents per pound). Other Mild Arabicas 128.83 (130.33). Robustas ICA 1976 124.00 (same). ICA 1968 124.25 (same). Unwashed Arabicas 209.50 (210.50). Comp. daily ICA 1968 163.64 (164.64).

GRAINS

LONDON GRAIN FUTURES—The market posted impressive gains today with wheat moving up 45p-70p in the morning on strong commercial buying. Hedge selling and profit-taking stemmed the advance and little change was seen in the afternoon. Barley moved up 25p-50p in the morning and a further 15p-35p in the afternoon on strong commercial buying, although at the higher levels good trade selling was encountered, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterday close	+ or —	Yesterday close	+ or —
Sept.	96.10	+0.75	90.50	+0.65
Nov.	99.60	+0.80	94.50	+0.70
Jan.	103.60	+0.55	98.50	+0.60
Mar.	107.15	+0.40	101.90	+0.45
May	110.70	+0.55	105.40	+0.40
July	114.05	+0.50	—	......

Business done—Wheat: Sept. 96.20-95.65, Nov. 99.65-99.25, Jan. 103.65-103.25, March 107.20-107.00, May 110.70-110.40, July 114.00-113.95. Sales 418 lots of 100 tonnes. Barley: Sept. 90.60-90.05, Nov. 94.55-93.90, Jan. 98.55-98.05, March 102.00-101.65, May 105.30-105.15. Sales 603 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Sept. 94.75, Oct. 98.50 transhipment East Coast sellers. U.S. Hard Winter, $13\frac{1}{2}$ per cent, Aug. 95.75, Sept. 97.75, Oct. 100 transhipment East Coast sellers. Maize: French Sept. 124 transhipment East Coast sellers. South African Yellow Sept./Oct. 90.00 sellers. Barley: English Feed fob Oct. 94.50, Oct./Dec. 96.50 traded East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 83.90, S. West 83.60, W. Midlands 83.10, N. West 85.30. The UK Monetary Coefficient for the week beginning Monday, September 1, is expected to change to 0.959.

RUBBER

The London physical market opened steadier, with fair interest throughout the day, closing uncertain. Lewis and Peat reported an fob September price for No. 1 RSS in Kuala Lumpur of 312.5 (307.75) cents a kilo and SMR 20 at 276.5 (272.5).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Oct.	65.90-66.00	65.00-66.80	66.10-66.00
Nov.	66.60-66.80	66.30-67.00	66.50
Oct-Dec	66.90-67.00	66.50-66.80	67.00-66.50
Jan-Mar	70.40-70.50	72.40-72.60	71.10-70.00
Apr-Jne	75.40-75.50	75.30-75.40	74.00-75.00
Jly-Sept	78.00-78.20	76.00-78.10	76.30-78.10
Oct-Dec	78.40-78.60	78.50-78.00	78.50
Jan-Mar	80.60-81.50	81.00-81.70	81.30-81.00
Apl-Jne	83.80-84.00	85.50-84.00	—

Sales: 463 (710) at 15 tonnes; 6 at 5 tonnes.

Physical closing prices (buyer) were: Spot 65.00p (64.50p); Oct. 66.25p (65.75p); Nov. 67.25p (66.75p).

SOYABEAN MEAL

The London market opened with losses of 50p in light trading, reports T. G. Roddick. Prices drifted but found support as nearby cash demand picked up and the market rallied to close unchanged on the day.

	Yest'rday Close £ per tonne	+ or —	Business Done
October	117.30-17.4	+0.25	117.00-16.50
December	120.80-21.1	—0.15	121.10-20.00
February	123.10-23.4	—0.10	123.20-23.10
April	124.70-25.3	—0.05	—
June	125.90-27.0	+0.05	—
August	126.00-28.5	......	—
October	126.80-30.5	+0.05	—

Sales: 59 (163) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £310.00 (£313.00) a tonne cif for Aug.-Sept.-Oct. shipments. White sugar daily price was £312.00 (£318.00).

Prices fell by around £8.00 during the day as commission house selling was matched by scale-down trade buying. March touched £338.00 mid-afternoon but had recovered by £1.50 as short-covering developed towards the close, reports C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Oct.	315.20-15.25	322.50-22.60	324.50-16.00
Jan.	331.00-31.25	336.50-39.00	338.50-31.00
Mch.	339.40-39.50	345.55-46.75	348.00-38.00
May	335.70-35.75	340.50-41.00	342.00-35.00
Aug.	323.00-23.25	328.20-27.00	328.50-24.10
Oct.	311.00-12.00	315.00-16.00	318.00-13.00
Jan.	291.25-91.75	294.00-98.00	296.00

Sales: 5,620 (9,815) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales): Aug. 300.50 seller, 310.00-305.00, 53; Oct. 319.00, 319.30, 328.00-319.00, 131. Sales: 184 (606).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £397.50 (£404.0) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 27: Daily price 30.60 (30.79); 15-day average 32.08 (32.23).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. Oct. 459.5, 460.0, 461.5-459.5, 133; Dec. 467.5, 470.0-467.5, 67; March 478.0, 478.5, 479.0-476.6, 104; May 481.5, 484.0, 478.5, 131; July 488.0, 487.0, 488.0-480.0, 42; Oct. 485.0, 486.5, 487.0-485.6, 38; Dec. 485.0, 486.5, 489.0-487.0, 5. Sales: 538.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. Aug. 350, 370, nil, nil; Oct. 360, 365, nil, nil; Dec. 362, 368, nil, nil; Jan. 370, 376, 370-368, 3; March 368, 376, nil, nil; May 369, 376, nil, nil; Aug. 371, 378, nil, nil; Oct. 373, 378, 376, 4; Dec. 373, 379, nil, nil; Jan. 375, 380, 379, 4. Sales: 14.

POTATOES

LONDON POTATO FUTURES—The market was very quiet with no interest shown due to a total lack of news, reports Coley and Harper. Closing prices: Nov. 40.20, +10; Feb. 47.20, +10; April 54.00, +20. Turnover: 2 (9) lots of 40 tonnes.

(large) £7.50, (medium) £4.80-£5.80. Lemon soles (large) £7.50 (medium) £6.50. Rockfish £2.80-£3.00. Reds £2.20. Saithe £2.00-£3.20.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 40 tonnes, bringing the total for the week so far to 345 tonnes. With the average cost of the raw material nudging 100c a pound, few customers were ready to extend engagements. Minor purchases developed in African qualities with some support in certain specialist Middle Eastern styles.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 61.0 to 66.0; Eire hindquarters 70.8 to 74.0, forequarters 39.2 to 41.0. Veal: Dutch hinds and ends 98.0 to 102.0. Lamb: English small 50.0 to 57.0, medium 48.0 to 52.0, heavy 40.0 to 46.0; Scottish medium 45.6 to 51.2, heavy 40.0 to 46.0; Imported frozen: New Zealand PL 58.0 to 59.0, PM 51.0 to 62.0. Pork: English, under 100 lb 37.0 to 49.5, 100-120 lb 35.0 to 46.5, 120-160 lb 36.0 to 44.5. Grouse: Young best, each 200.0 to 240.0; old, each 100.0 to 140.0.

MEA COMMISSION—Average fatstock prices at representative markets on August 28. GB cattle 74.45p per kg l.w. (+0.59). UK sheep 115.11p per kg est. d.c.w. (+5.87). GB pigs 65.20p per kg l.w. (+2.03).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Californian: 88 5.80-6.00, 113 4.00-4.30, 138 3.50; Outspan: Valencia Lates 112 4.30, 138 3.95, 150 3.20, Navelates 112 4.05, 138 3.75, 150 3.00. Lemons—Italian: 100/150 6.25-6.30; Spania: Trays 25/45 2.50-2.80; S. African: 9.50-10.00. Grapefruit—Outspan: Marsh Seedless 4.50-6.75; Californian: Ruby 32 4.00-6.00, 48 5.00. Tangerines—Brazilian: Honey $\frac{1}{2}$ boxes 4.30-4.80. Apples—French: Golden Delicious approx. 20 lb, 72 3.00-3.20, 40 lb 125/150 8.00-8.50.

English Produce: Potatoes—Per bag, new 1.00-1.40. Mushrooms—Per pound 0.50-0.70. Apples—Per pound Grenadier 0.04-0.05, Howgate 0.06-0.07, Derby 0.07-0.08, Miller's Seedling 0.16-0.19, Tydeman's Early Worcester 0.12-0.19, Discovery 0.16-0.22, Bramleys 0.10-0.14. Pears—Per pound Williams 0.13, Dr. Jules 0.11. Plums—Per 12 lb Belles 1.60, Czar 0.60, Victorias 2.00. Cabbages—Per bag 1.50-1.60. Cauliflowers—Per 12 1.60-2.80. Peas—Per pound 0.07. Beetroots—Per bag 1.00-1.20. Cucumbers—Trays 10/20 1.60-2.60. Tomatoes—Per 12 lb 2.80-3.00. Lettuces—Per 12, round 1.00-1.20, Cos 1.50, Webbs 1.40. Carrots—New crop 28 lb 1.00-1.50. Onions—Per bag 2.40-2.80. Celery—Per 20/30 2.50-3.00. Marrows—Box 12/15 1.00. Capsicums—Per pound 0.20. Runner Beans—Per pound 0.12-0.18. Swedes—Per 28 lb Devon 1.00-1.20. Courgettes—Per pound 0.12. Sprouts—Per pound 0.14-0.16. Corn Cob—Each 0.11-0.12.

★

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £6.00-£6.50, codlings £4.00-£5.00. Large haddock £4.00-£5.20 medium £3.40-£4.50, small £1.50-£2.70. Large plaice £5.00-£5.80, medium £5.00-£6.20, best small £4.00-£5.60. Skinned dogfish (large) £5.60-£7.20, (medium) £3.20-£4.20. Lemon soles (large) £7.50, (medium) £6.50. Saithe £3.40-£3.60.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 28 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1700/1750	—70	‡
Copper			
Cash w'bar	£818.5	—40.5	£904
3 mths	£834.75	—38.5	£921.5
Cash Cathode	£785.5	—38.5	£871
3 mths	£810.5	—36.25	£896.5
Gold troy oz	$635.5	+1	$616.5
Lead Cash	£362.25	—2.25	£341
3 mths	£375.75	—2.375	£353.75
Nickel	£3,186.45	......	£3,248.85
Free mkt (c lb)	300/315c	......	‡
Platin'mtr'y oz	£202	+19.5	£182.50
Free mkt	£272.60	+0.10	£262.55
Quicksilver†	$410/420	......	‡
Silver troy oz	676.0p	+3.35	672.90p
3 mths	702.90p	+2.8	692.20p
Tin Cash	£7,090	—20	£7,270
3 mths	£7,120	+7	£7,242.5
Tungsten 22.04lb	$144.74	......	$142.85
Wolfrm 22.04 lb	$149/153	......	‡
Zinc cash	£327.0	—3	£304
3 months	£338.25	—2.5	£310
Producers	$760	......	$780
Oils			
Coconut (Phil)	$610r	—6	‡
Groundnut	‡	......	‡
Linseed Crude	£387	......	‡
Palm Malayan	$507.5t	+2.5	‡
Seeds			
Copra Philip	$420u	......	‡
Soyabean (U.S.)	$325.25t	......	‡
Grains			
Barley Futures	£94.50	+0.70	£96.70
Maize			
French No3AM	‡	......	£124
Wheat			
No.1 Red Spg.	‡	......	‡
No2HardWint	£95.75	......	£98.50
Eng. Milling t	‡		‡
Other commodities			
Cocoa ship't	£1,042	—15	‡
Future Dec.	£981.5	—16	£1,095.5
Coffee Ft' Nov.	£1,137	—24.5	£1,212.5
Cotton A Index	82.85c	—0.15	82.30c
Rubber (kilo)	62p	+0.50	56p
Sugar (Raw)	£310	—3	£288
Wool t'ps 64s kl.	287p kilo	+1	286p kilo

‡ Unquoted. r Aug.-Sept. s Sept. t Oct. u Sept.-Oct. v Nov. z Indicator. § Buyer. † Per 76-lb flask.

AMERICAN MARKETS

NEW YORK, August 28.

PRECIOUS METALS reflected attempts to even out ahead of President Carter's economic speech. Copper closed sharply lower as reports circulated that Kennecott had signed an agreement with the union. Sugar moved higher on reports of unfavourable yields in Europe. Cocoa and coffee finished lower on speculative selling. Cotton closed much higher on good trade and speculative buying. Grains and soyabeans rallied late to finish moderately higher, while wheat was narrowly mixed. Cattle was mixed and the pork complex was lower on long liquidation, reported Heinold.

Potatoes (round whites)—Nov. 85.2-85.8 (86.2), March 118.5-119.8 (120.0), April 142.7-143.4. Sales: 1,884.

Sugar—No. 11: Sept. 30.95-31.00 (31.09), Oct. 32.15-32.35 (31.86), Jan. 33.40-33.90, March 34.30-34.50, May 33.85, July 33.00, Sept. 31.50-31.75, Oct. 30.85-30.90, Jan. 27.50-28.00. Sales: 14,950.

Tin—783.0-790.0 (780.0-787.0).

CHICAGO, August 28.

Lard—Chicago loose 23.25 (same). New York prime steam unavailable.

Live Cattle—Oct. 68.30-68.20 (68.10), Dec. 69.00-68.90 (68.65); Jan. 70.15, Feb. 70.35-70.50, April 72.10-72.20, June 73.40-73.45, Aug. ——.

Live Hogs—Oct. 43.15-43.35 (44.37), Dec. 44.35-44.47 (45.32), Feb. 47.05-47.00, April 46.30-46.40, June 49.80-50.00, July 50.60, Aug. 49.65, Oct. 49.05, Dec. ——.

‡‡Maize—Sept. $350\frac{1}{2}$-350 ($348\frac{1}{4}$), Dec. $351\frac{1}{4}$-351 ($349\frac{3}{4}$), March $360\frac{1}{4}$-360, May $362\frac{3}{4}$-363, July 362, Sept. $351\frac{1}{2}$-352.

Pork Bellies — Feb. 57.90-58.10 (58.30), March 57.60-57.55 (57.87), May 58.25, July 58.60, Aug. 57.50.

Silver—Sept. —— (1620.0), Oct. 1625.0 (1634.0), Nov. ——, Dec. 1660.0, Feb. 1701.0, April 1742.0, June 1783.0, Aug. 1824.0, Oct. ——, Dec. ——, Feb. 1948.0, April ——, June 2032.0, Aug. ——, Oct. ——, Nov. ——, April ——.

†Soyabeans—Sept. 768-769 (765), Nov. 791-789 ($786\frac{1}{2}$), Jan. 805-807, March $822\frac{1}{2}$-$823\frac{1}{2}$, May $826\frac{1}{2}$, July $826\frac{1}{2}$, Aug. 821, Sept. 800.

‖Soyabean Meal—Sept. 219.5-219.0 (217.5), Oct. 221.0-221.4 (220.7), Dec. 227.2-226.5, Jan. 229.0-228.5, March 231.5-231.3, May 233.0, July 233.5, Aug. 230.0-231.0, Sept. 229.5-230.5.

Soyabean Oil — Sept. 25.60-25.55 (25.78), Oct. 25.90-25.35 (26.08), Dec. 26.54-26.45, Jan. 26.60-26.65, March 27.10-27.00, May 27.20, July 27.30, Aug. 27.10-27.20, Sept. 27.05.

†Wheat—Sept. $446\frac{1}{2}$-447 ($447\frac{1}{4}$), Dec. $469\frac{1}{2}$-$468\frac{1}{4}$ ($470\frac{1}{4}$), March 489-$488\frac{1}{2}$, May $496\frac{1}{2}$-497, July $495\frac{1}{2}$-495, Sept. $502\frac{1}{4}$.

WINNIPEG, August 28. §Barley—Oct. 137.70 (139.20), Dec. 137.00 (138.20), March 137.20, May 137.70, July 139.70.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, August 28.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Sept. $210, Oct. $214, Nov. $217, Dec. $220, Jan. $223, Feb. $225, March $228. U.S. No. 2 Red Winter, Sept. $198, Oct. $200, Nov. $202. U.S. No. 2 Northern Spring, 14 per cent, Sept. $206, Oct. $214, Nov. $217, Dec. $222.

Soyabeans—U.S. Two Yellow Gulfports, afloat $307, Aug. $307, Sept. $310.50, Oct. $318.50, Nov. $318.25, Dec. $323.50, Jan. $327.75, Feb. $333.25, March $334.50, April $337, May $338, June $339. Argentine Aug. $298.50, Sept. $301, Oct. $309.25.

Soyameal—44 per cent protein U.S., afloat $252, Aug. $260, Sept. $267, Oct. $272, Nov.-March $280. Brazil Pellets Aug. $274, Sept. $278, Oct. $285.50, Nov.-March $295.

PARIS, August 28.

Cocoa (FFr per 100 kilos)—Sept. 900-915, Dec. 950-964, March 1002-1007, May 1010-1025, July 1017, Sept. 1035. Sales at call 4.

Sugar (FFr per 100 kilos)—Oct. 3060-3070, Nov. 3140, Dec. 3141-3145, March 3260-81, May 3230-3255, July 3130-3210, Aug. 3130-3180, Oct. 3050-3100. Sales at call 11.

INDICES

FINANCIAL TIMES

Aug. 27	Aug. 26	Mnth ago	Year ago
276.46	273.96	271.40	266.28

(Base: July 1, 1952=100)

MOODY'S

Aug. 27	Aug. 26	M'nth ago	Year ago
1240.9	1231.0	1201.0	1087.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 27	Aug 26	Month ago	Year ago
Spot	443.34	443.19	438.01	402.75
F'tur's	462.58	470.89	448.84	413.58

(Average 1924-25-26=100)

REUTERS

Aug. 28	Aug. 26	M'nth ago	Year ago
1793.4	1757.2	1706.9	1683.5

(Base: September 18, 1931=100)

I.G. Index Three months Copper 831-838
Our clients speculate, free of tax, in very small to very large amounts, on:—
1. London Traded commodities, including GOLD.
2. The STERLING/DOLLAR exchange rate.
I.G. Index Limited, 73, The Chase, SW4 0NP. Tel.: 01-622 9192

CORAL INDEX: Close 482-487 (−7)

PUBLIC NOTICES

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
VARIABLE RATE REDEEMABLE STOCK 1983

The Council of The Royal Borough of Kensington and Chelsea announce that the half-yearly payment of interest due on 24th February 1981 on the above stock will be at the rate of £8.4834 (less income tax) per £100 of stock.
28 August, 1980.

LEGAL NOTICES

NOTICE IS HEREBY GIVEN that MISS WINNIE VIERRA of 69 Durham Road, London, N2 9DS, is applying to the Home Secretary for naturalisation, and that any person who knows any reason why naturalisation should not be granted should send a written and signed statement of the facts to the Under Secretary of State, Home Office (Nationality Division), Lunar House, 40 Wellesley Road, Croydon CR9 2BY.

Sugar
The outlook for prices
The latest Special Report from Inter Commodities takes an in-depth look at the sugar market, and forecasts likely trends in prices over the months ahead.
For a complimentary copy, and details of our investment services simply send us the coupon.
Please send me a free copy of Sugar, The Outlook for Prices. And details of your investment services.
To: Julian Rigby, Inter Commodities Ltd., 3 Lloyds Avenue, London EC3N 3DS
Telephone: 01-481 9827
FT29/P
Name
Address
Tel: Home Business
INTER COMMODITIES LIMITED
A SPECIAL REPORT FROM INTER COMMODITIES

LONDON STOCK EXCHANGE

ICI figures set seal on thoroughly depressing day Gilts down £1 and 30-share index falls 8.8 to 482.7

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 11	Aug. 28	Aug. 29	Sept. 8
Sept. 1	Sept. 11	Sept. 12	Sept. 22
Sept. 15	Sept. 25	Sept. 26	Oct. 6

* "New time" dealings may take place from 9 am two business days earlier.

Following the previous two-day setback, London stock markets were looking even more depressed yesterday after second-quarter figures from **Imperial Chemical Industries** much worse than the most pessimistic market estimates. Consequently, the two main investment sectors weakened to the extent that leading equities sustained double-figure falls, reflected in a drop of 11 points in the FT 30-share index at 2 pm; the index closed 8.8 down at 482.7 helped by late covering of short positions. Government stocks meanwhile, continued their downslide to finish with fresh losses ranging to a point.

The only saving grace for equities was a noticeable increase in trade, although some early buyers were later regretting their haste and ruefully counting the cost. For a while, conditions were extremely sensitive as the market absorbed the ICI shock but buyers began to regain composure in the late afternoon and most leading shares closed above the day's lowest. ICI fell to 344p immediately following announcement of the half-yearly results but rallied to end only 6 off on balance at 354p.

Banks above worst

The tendency to switch out of Government stocks into other international investment areas on the view that Gilt-edged currently lack scope for early improvement, was again apparent. Dealers encountered further overseas and domestic sales immediately business began and a jaded market was further unsettled by bearish advice from a broking house actively selling earlier in the week. Attempts to recover were thwarted by renewed offerings later in the day and most quotations settled only a touch off the session's worst. Treasury 11¾ per cent 1991 A, the £50-paid medium tap stock, lost another point to 44¾ and Treasury 13 per cent 2000, on which the final call of 21 per cent is due today, slipped ¾ to 73¼.

Demand for Trade options fell away and only 647 contracts were completed compared with the previous day's 1,152. Lonrho were active again, recording 106 deals.

The major clearing banks usually closed a few pence above the worst with falls reflecting a mark-down rather than any weight of selling. **Barclays**, 412p, and **NatWest**, 372p, both closed 8 lower.

Among dull Insurances, **Sun Alliance** gave up 14 to 730p, and **Royals** 6 to 412p. Life issues had **Legal and General** 5 off at 220p and ***Prudential*** 7 cheaper at 238p.

The emergence of sellers among recently subdued Breweries resulted in sizeable losses across the board. **Allied** gave up 2½ to 84½p, while **Bass**, 232p, and **Whitbread**, 155p, fell 5 and 6 respectively and **Greenall Whitley** shed a similar amount to 215p. Wines and Spirits were also dull and ***Distillers*** dipped 5 to 218p. Support was again lacking for **Tomatin**, 4 down for a *three-day fall of 10 at 140p.*

Leading Buildings were subjected to a certain amount of selling. **Blue Circle** losing 8 for a two-day fall of 12 to 358p on the proposed £47m rights issue which accompanied the interim results, and **Redland** falling 11 to 173p on the chairman's warning about full-year profits. **Tarmac**, 275p, and **BPB**, 231p, both shed 5, while **Cement-Roadstone**, at 85p, gave up half the previous day's gain of 4 that stemmed from the good half-yearly profits and confident statement. Trading statements were usually responsible for firm spots in secondary issues. **Rohan**, up 6 at 140p, **Mixconcrete**, and ***Sharpe and Fisher***, *both a penny* firmer at 77p and 35p respectively, all reflected satisfactory *interim results. Elsewhere,* **Federated Land and Building**, at 90p, relinquished most of the previous day's speculative gain of 6.

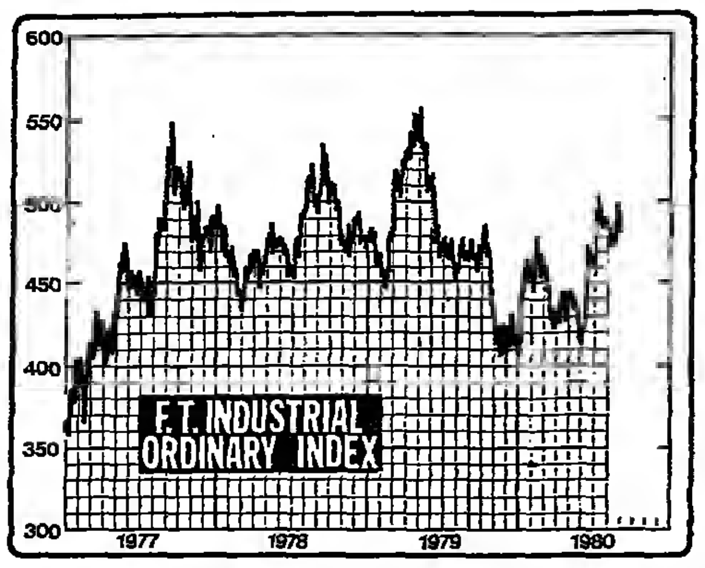
Standing 4 easier awaiting the second-quarter figures, **ICI** reacted sharply on the announcement of profits well below market estimates and touched 344p before rallying well to close only 6 down at 354p. Other Chemicals gave ground in sympathy, but sometimes finished above the worst, *Fisons ending only* a couple of pence off at 228p, after 225p, and **Allied Colloids** closing 5 lower at 103p, after 102p. **Yorkshire Chemicals** shed 2 to a 1980 low of 32p on postponement of consideration of an interim dividend and gloomy statement on second-half trading. **Rentokil**, however, remained a firm market and put on 5 to a 1980 peak of 164p.

British Home flat

British Home Stores were sold down to 152p, before recovering slightly to close a net 13 cheaper at 155p following a broker's downgraded profits forecast; the interim results are expected mid-October. The news unsettled other Store majors and, although *most finished a shade above the* day's worst, falls ranged to 10. **Gussies A** shed that much at 452p, while **House of Fraser** gave up 6 for a two-day loss of 10 at 137p. **Mothercare** eased 4 to 246p, while **Debenhams** ended 2 cheaper at 70p. Secondary issues displayed a slightly steadier appearance, although profit-taking was again noted in **Harris Queensway**, 6 down at 154p, and **Lee Cooper**, 7 lower at 148p. Mail-orders again lacked support following recent adverse comment and **Grattan** slipped 4 more to 56p. ***J. Hepworth*** *fell 3* to 78p, but Mr. Ian Wasserman's holding of over 11 per cent in the company prompted continued interest in **H. Goldman**, 2 firmer for a three-day gain of 7½ at 21p. Scattered support was also noted for **Milletts Leisure**, 3 up at 175p, and **Greenfields**, a shade harder at 48p.

Electrical leaders followed the general trend, but the first-quarter figures from **Plessey** were well received; a few pence easier in front of the announcement, Plessey moved ahead on it to 238p before settling without alteration on the day at 236p. **GEC**, down to 486p at one stage, recovered *to finish* 4 down on balance at 490p, while **Racal** ended 5 off at 298p. Elsewhere, *adverse Press comment left* **Fidelity Radio** 6 cheaper at 31p. Other smaller-priced issues to give ground included **Newman Industries**, down 4 more at 31p, and **Brocks**, 3 lower at 18p, **STC** fell 10 to 415p and **MK** eased 4 to 206p. Among the occasional bright spots, **Lec Refrigeration** hardened 2 to 78p *on* the increased interim dividend and profits, while **Kode** rose 5 to 273p on the forecast of a substantial improvement in the full year's figures with the interim results.

Losses in the Engineering leaders were usually *limited* to a few pence. Scattered losses elsewhere in the sector included one of 5 to 140p in **Mining Supplies**. Comment on the preliminary statement caused further dullness in **Victor Products** which gave up 5 more to 203p. Against *the easier trend,* **Hill and Smith** firmed 3 to 51p and **Fife Forge** 2 to 35p, both following satisfactory interim results.



Reflecting the sharply lower commodity price, **British Sugar** dipped 7 to 253p and **Tate and Lyle** 4 to 154p. Other Foods also joined in the general downturn, **Associated Dairies** shedding 8 to 212p, after 210p; the shares *yesterday* bucked the trend on good preliminary results, and a one-for-three scrip issue. **Tesco** fell 3 to 57p following adverse Press comment. Outside the leaders, **Somportex** put *on* 4 to 172p in response to doubled *preliminary profits,* but ***Barker and Dobson*** shed a penny to 10p awaiting today's annual results.

Royal Worcester down

Leading Hotels and Caterers mirrored the market trend, ***Grand Metropolitan*** *losing* 5 to 160p, and **Trusthouse Forte** 4 to 180p. **Ladbroke**, following Wednesday's rise of 3 on better-than-expected interim results, reacted 6 to 192p.

The miscellaneous Industrial leaders generally ended above the day's worst, **Beecham** closing 6 cheaper at 149p, after 147p. **Unilever** lost 12 to 495p, while losses of 6 were recorded in **Metal Box**, 280p, and **Turner and Newall**, 106p, and **Boots** closed 5 lower at 232p, after 231p. Elsewhere, comment on the half-*yearly results prompted fresh* weakness in **Royal Worcester** which closed 17 lower at 303p. **Sotheby's**, a good market of late, reacted 10 to 455p. **Cawoods** gave up 10 to 200p on the chairman's warning of a reduction in first half profits, while **Vinten** fell 8 to 166p for a similar reason. Losses of 7 were marked against **Cape Industries**, 231p, ***Office and Electronic***, 345p, and **AGB Research**, 203p, while **Smiths Industries** and ***Thomas Tilling*** fell 5 apiece to 221p and 163p respectively. The announcement of rationalisation moves hard on the heels of the profits warning left **Rotaprint** 2 cheaper at 13p. News of the cutback in production and reduction in the workforce caused dullness in **Redfearn Glass**, down 7 at 163p, with **Rockware** easing 4 to 83p in sympathy. Good lately, **BTR** lost 9 to 380p in a thin market.

Talk of a forthcoming reorganisation, denied yesterday by the company, prompted a useful demand for **Dunlop**, 2 better at 75p. The cautious tone of the chairman's annual statement unsettled recently firm **Dowty** which fell 13 to 241p, while profit-taking clipped 6 from **Flight Refuelling**, 240p. In Distributors, **H. and J. Quick** fell 5½ to 34½p on the sharply reduced half-yearly profits and the halved interim dividend. **Dorada**, interim due shortly, eased 3 to 48p, while similar losses were seen in ***Tate of Leeds***, 71p, **Kenning**, 69p, and **Appleyard**, 45p. **Pennine** shed 1¼ at 10¼p, but revived speculative interest was shown for **Caffyns**, 8 up at 168p.

Oils above worst

Properties moved progressively lower on continuing thoughts that interest rates may not be reduced for some time. **Land Securities**, 358p, and **MEPC**, 228p, both shed 8, while **Great Portland Estates and Stock Conversion** gave up 10 apiece to 266p and 455p respectively. Against the trend, **Carrington Investments** stood out with a gain of 10 at a 1980 peak of 120p on small buying in a thin market.

Trading was brisker than of late in the Oil sector where bear closing in the latter part of the day left final quotations well above the lowest. **BP** finished *4 off* at 344p, *after 340p,* and **Shell** ended only 2 lower at 412p after 408p, **Lasmo**, down 13 at 657p, were not helped by news of the two dry appraisal wells in the Tiffany field in the North Sea. Some of the more speculative exploration issues sustained fairly heavy losses. **Sun (UK) Royalty**, 485p, and **Pict**, 310p, fell 30 apiece, while **Berkeley** lost 13 to 175p and falls of 10 were seen in **Attock**, 224p, **Cluff**, 320p, and **Clyde**, 445p.

Despite the higher full-year profits and dividend, **Sime Darby** eased 4 to 69p. Other Overseas Traders also retreated to lower levels, with **Gill and Duffus**, firm *of late following a favourable* Press mention, reacting 5 at 167p. **Lonrho** shed 3 to 89p, while **Inchcape** gave up 7 at 448p.

Reflecting the setback in equities, Trusts gave ground on a broad front. Among Financials, **Rosehaugh** hardened 2 to 136p following news of the new freight venture with British Rail.

Textiles remained dull. **Sunbeam Wolsey** fell 4 to 18p in belated response to the sharp reduction in first-half profits and passed interim dividend. **Stoddard**, which announced a *slump in annual profits* and a passed final dividend eased a couple of pence, also to 18p. ***Mountleigh***, 85p, *lost 4 of the* previous day's gain of 6 which stemmed from the pleasing *annual results.*

Golds up again

South African Gold shares continued to attract a good deal of buying *interest as* the bullion price added a further $1 to $635.50 an ounce. The Gold *Mines index moved up another* 4.3 to 390.9.

The sharemarket moved ahead strongly at the outset as overnight American buying was followed by persistent and sizeable Johannesburg interest. This buying was met by London and, in later dealings, American selling but quotations still closed around the day's best.

Financials were mixed. The London issues fell sharply in the wake of UK equities and were additionally upset by the decline in copper prices following the tentative agreement with Kennecott and the striking U.S. copper workers.

Platinums were outstanding on news that **Impala**, and later **Rustenburg**, had lifted their respective producer prices to U.S.$475 an ounce from $420. Impala jumped 13 to 373p while Rustenburg and **Lydenburg** showed rises of 10 at 273p and 163p respectively.

Australians came under heavy selling pressure following the shakeout in overnight domestic markets.

Among the leaders **MIM Holdings** gave up 8 to 250p despite the *almost* doubled profits.

On the other hand, **Endeavour Resources** added 1½ to 28p reflecting the sale of their interests in the White Industries group at a substantial profit.

In Tins, **Tanjong** were re-listed at 115p following news that Pahang have made a counter bid of 115p per share compared with the 105p offered by the Tien Ik Enterprises group.

FINANCIAL TIMES STOCK INDICES

	Aug. 28	Aug. 27	Aug. 26	Aug. 22	Aug. 21	Aug. 20	A year ago
Government Secs	67.70	68.25	68.72	68.97	69.18	69.13	73.35
Fixed Interest	69.86	70.10	70.18	70.48	70.58	70.54	74.47
Industrial	482.7	491.5	496.8	498.9	497.9	491.7	469.5
Gold Mines	390.9	386.6	375.5	380.5	384.0	372.0	197.2
Ord. Div. Yield	7.67	7.58	7.52	7.26	7.27	7.36	6.95
Earnings, Yld. % (full)	17.90	17.42	17.28	17.14	17.18	17.30	17.28
P/E Ratio (net) (*)	6.78	6.94	7.00	7.05	7.04	6.98	7.26
Total Bargains	18,946	18,127	18,827	16,656	17,605	17,011	—
Equity turnover £m.	—	83.73	94.26	97.88	133.87	99.25	61.85
Equity bargains total	—	11,602	12,388	12,822	13,409	12,976	10,244

10 am 488.6. 11 am 488.9. Noon 486.4. 1 pm 482.5.
2 pm 480.5. 3 pm 480.6.
Latest Index 01-246 8026.
* Nil = 6.32.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS — S.E. ACTIVITY

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/8)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (18/7)	406.8 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	390.9 (28/8)	265.5 (18/6)	442.3 (22/5/75)	43.5 (26/10/71)

	Aug. 28	Aug. 27
—Daily		
Gilt Edged	85.8	78.4
Industrials	80.1	101.5
Speculative	34.7	42.2
Totals	58.8	67.3
5-day Avrge.		
Gilt Edged	83.8	81.0
Industrials	87.3	98.0
Speculative	43.5	45.5
Totals	87.4	67.3

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (26)

AMERICANS (1)
ASA
BUILDINGS (3)
Aberthaw Cement — Sheffield Brick
Rohan Group
CHEMICALS (2)
Novo Inds. A/S — Rentokil
STORES (1)
Milletts Leisure
ELECTRICALS (1)
Quest Auto.
ENGINEERING (2)
Ash & Lacy — Spirax-Sarco
INDUSTRIALS (2)
G.R. Holdings — Lep Group
LEISURE (1)
Scottish TV A
PAPER (1)
Chapman (Balham)
PROPERTY (1)
Carrington Inv.
TRUSTS (3)
Brit. Ind. & Genl. — Murray Caledon. 5
Gresham House
MINES (8)
Kinross — Anglo-Am. Gold
Ventersport — Impala Platinum
President Brand — Falcon
President Steyn — Hongkong Tin

NEW LOWS (55)

BEERS (2)
Guinness — Tomatin
BUILDINGS (3)
Heywood Williams — Roberts Adlard
Hoveringham Res.Vtg.
CHEMICALS (4)
Akzo — Croda Int.
Arrow Chemicals — Yorkshire Chemicals
STORES (2)
Helene of London 12pc Conv. Pref. — Vantona
ELECTRICALS (3)
Brocks — Wigfall (H.)
Newman Inds.
ENGINEERING (6)
Birmid Qualcast — G.K.N.
Brown & Tawse — Vosper
Butterfield Harvey — Yarrow
FOODS (1)
Bishop's Strs. A N-V
INDUSTRIALS (14)
Alpine Hldgs. — Fitzwilton
Beatson Clark — Hoskins & Horton
Beralfords — Macpherson (D.)
Berwick Timpo — Movitex
Burndene — Norvic Secs.
Duple — Redfearn Nat. Glass
Elbief — Whitecroft
MOTORS (4)
Airflow Streamlines — Braid Group
Alexanders — Cowie (T.)
NEWSPAPERS (1)
Websters Group
PAPER (2)
Bemrose — Usher-Walker
SHOES (1)
Newbold & Burton
TEXTILES (9)
Blackwood Morton — Lister
Courtaulds — Radley Fashion
Homfray — Sunbeam Wolsey
Illingworth Morris — Tootal
Do. A
OIL & GAS (2)
Cie. Fr. Petroles — Sun (UK) Royalty
MINES (1)
SWCM

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	93	—
Corpns., Dom. and Foreign Bonds	2	23	40
Industrials	67	595	730
Financial and Prop.	12	290	194
Oils	7	44	11
Plantations	7	11	13
Mines	49	51	59
Others	16	81	70
Totals	149	1,188	1,117

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thur., Aug. 28, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Aug. 27 Index No.	Tues., Aug. 26 Index No.	Fri., Aug. 22 Index No.	Thurs., Aug. 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	280.49	−1.4	16.32	5.90	7.40	284.61	286.14	288.49	287.27	244.48
2	*Building Materials* (28)	255.04	−2.1	18.52	6.70	6.40	260.41	261.47	261.97	263.05	228.46
3	Contracting, Construction (27)	414.73	−1.8	22.38	5.86	5.31	422.14	422.61	424.31	422.65	376.44
4	Electricals (17)	833.05	−0.9	11.57	3.19	10.59	840.83	847.06	861.94	854.60	622.81
5	Engineering Contractors (11)	334.15	−1.3	20.61	7.80	6.10	338.51	338.53	339.00	337.80	352.03
6	Mechanical Engineering (72)	180.34	−1.8	16.79	7.42	7.28	183.71	185.02	186.36	184.23	172.01
8	Metals and Metal Forming (16)	163.03	−1.1	22.23	10.44	5.37	164.78	165.11	166.08	166.06	162.01
	CONSUMER GOODS										
11	(DURABLE) (49)	238.64	−1.5	15.70	5.35	8.75	242.24	243.94	244.72	241.55	237.42
12	Lt. Electronics, Radio, TV (14)	364.96	−1.7	13.25	3.86	11.55	371.16	373.86	375.24	368.86	336.86
13	Household Goods (14)	89.56	−0.8	27.05	11.43	4.66	90.33	92.10	92.94	93.09	146.06
14	Motors and Distributors (21)	100.05	−1.0	22.10	9.39	5.21	101.02	101.37	101.40	101.26	113.86
	CONSUMER GOODS										
21	(NON DURABLES) (172)	236.47	−2.3	17.47	6.80	6.91	241.98	243.21	242.71	241.93	236.83
22	Breweries (14)	290.34	−2.3	15.66	6.34	7.46	297.32	297.19	297.49	296.17	290.15
23	Wines and Spirits (5)	318.43	−1.9	19.20	6.40	6.16	324.50	324.85	322.49	315.39	322.58
24	Entertainment, Catering (17)	338.16	−2.4	17.14	6.65	7.18	346.55	347.09	346.53	342.87	307.24
25	Food Manufacturers (21)	217.31	−2.0	18.68	6.91	6.30	221.64	222.14	220.87	220.35	207.21
26	Food Retailing (13)	364.92	−2.6	12.86	4.25	9.26	374.48	371.34	367.03	363.37	308.45
32	Newspapers, Publishing (13)	433.23	−1.5	21.70	7.16	6.07	439.82	439.99	439.16	441.53	418.01
33	Packaging and Paper (15)	127.40	−1.6	27.99	10.28	4.15	129.48	130.56	131.18	132.19	127.86
34	Stores (45)	232.57	−2.6	13.35	5.40	9.76	238.85	242.07	242.91	241.80	238.01
35	Textiles (21)	120.35	−2.6	26.97	12.85	4.51	123.55	123.91	123.33	123.78	155.76
36	Tobaccos (3)	224.97	−1.9	25.51	19.35	4.46	229.22	230.21	230.70	231.11	244.45
37	Toys and Games (5)	26.59	+0.7	8.46	14.34	27.34	26.40	26.73	26.75	26.77	73.46
41	OTHER GROUPS (99)	223.76	−1.8	16.65	6.95	7.17	227.95	228.81	229.26	228.65	205.24
42	Chemicals (16)	310.29	−1.6	20.00	7.77	5.93	315.27	313.51	316.48	315.46	291.46
43	Pharmaceutical Products (7)	235.83	−2.8	10.91	5.97	11.33	238.59	241.00	240.19	239.47	229.34
44	Office Equipment (6)	106.42	−0.4	19.03	7.80	6.13	106.80	108.08	107.69	107.15	117.22
45	Shipping (10)	599.76	−1.9	12.80	5.93	9.53	611.37	616.57	617.88	615.04	447.55
46	Miscellaneous (60)	277.08	−1.8	17.64	7.43	7.42	282.15	284.20	283.80	283.69	241.24
49	INDUSTRIAL GROUP (491)	252.20	−1.9	16.82	6.49	7.21	257.07	258.36	259.88	257.23	238.42
51	Oils (9)	781.35	−1.0	28.40	6.62	3.89	789.18	799.03	803.00	805.49	624.90
59	500 SHARE INDEX	294.18	−1.7	19.21	6.51	6.13	299.30	301.25	302.05	301.27	269.91
61	FINANCIAL GROUP (118)	234.04	−1.8	—	5.51	—	238.38	239.80	239.87	239.29	189.55
62	Banks (6)	233.75	−1.8	43.72	7.19	2.74	237.97	239.33	239.72	239.76	217.29
63	Discount Houses (10)	280.16	−1.4	—	6.73	—	284.23	284.23	284.23	284.23	262.33
64	Hire Purchase (5)	219.26	−2.2	14.13	4.56	9.22	224.25	224.96	224.68	222.11	174.00
65	Insurance (Life) (10)	241.88	−2.3	—	5.33	—	247.68	250.82	249.69	248.48	152.78
66	Insurance (Composite) (9)	160.88	−1.7	—	6.93	—	163.66	164.48	165.13	163.42	135.05
67	Insurance Brokers (9)	331.21	−1.3	13.99	6.96	9.79	335.57	340.26	342.22	342.63	268.59
68	Merchant Banks (12)	140.72	−1.6	—	5.05	—	143.06	143.60	143.23	141.98	99.79
69	Property (45)	435.42	−1.9	3.27	2.71	42.53	443.76	446.77	446.95	445.47	360.77
70	Miscellaneous (12)	144.85	−1.1	14.06	6.01	9.05	146.42	148.88	146.56	146.67	117.95
71	Investment Trusts (109)	267.94	−1.2	—	5.38	—	271.24	271.25	269.59	267.51	214.20
81	Mining Finance (3)	242.41	−1.6	12.39	4.32	9.72	246.23	248.79	251.03	249.66	131.31
91	Overseas Traders (20)	426.78	−1.9	11.79	6.92	10.22	434.86	438.48	436.61	434.87	341.02
99	ALL-SHARE INDEX (750)	282.85	−1.7	—	6.21	—	287.72	290.52	290.00	289.16	247.84

FIXED INTEREST PRICE INDICES

	British Government	Thur., Aug. 28	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	104.06	−0.29	—	7.62
2	5-15 years	108.21	−0.81	—	8.64
3	Over 15 years	112.78	−0.95	—	9.45
4	Irredeemables	125.10	−0.82	—	9.80
5	All stocks	108.86	−0.69	—	8.46

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thur., Aug. 28	Wed., Aug. 27	Year ago (approx.)
1	Low Coupons	5 years	12.28	12.15	10.08
2		15 years	12.27	12.14	10.54
3		25 years	12.27	12.14	11.01
4	Medium Coupons	5 years	13.89	13.73	11.99
5		15 years	13.78	13.62	12.06
6		25 years	13.68	13.53	[illegible]
7	High Coupons	5 years	14.04	13.87	12.42
8		15 years	14.13	13.98	12.56
9		25 years	13.93	13.78	12.35
10	Irredeemables		11.79	11.69	10.79

		Thurs., Aug. 28 Index No.	Yield	Wed. Aug. 27	Tues. Aug. 26	Friday Aug. 22	Thurs. Aug. 21	Wed. Aug. 20	Tues. Aug. 19	Mon. Aug. 18	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	53.29	†13.89	53.44	53.47	53.47	53.58	54.29	54.52	54.55	58.75
16	Investment Trust Prefs. (15)	50.89	13.22	51.15	51.15	51.08	51.06	51.12	51.12	51.12	61.53
17	Coml. and Indl. Prefs. (20)	68.08	13.17	67.35	67.30	67.19	67.15	67.23	67.23	67.23	70.73

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
BAT Inds.	25p	8	275	− 6	290	223
ICI	£1	8	354	− 6	402	348
Ladbroke	10p	8	192	− 6	200	122
Premier Cons.	5p	8	71	− 4	99	36
Assoc. Dairies	25p	7	212	− 8	226	160
Brit. Home Stores	25p	7	155	−13	170	113
RTZ	25p	7	460	−10	485	327
Trusthouse Forte	25p	7	180	− 4	200	132
Barclays Bank	£1	6	412	− 8	430	327
Imperial Group	25p	6	81	− 1	89½	71½
LASMO	25p	6	657	−13	830	337
Midland Bank	£1	6	328	− 2	384	308
Tricentrol	25p	6	320	− 4	414	250
Whitbread A	25p	6	155	− 6	174	125
Boots	25p	5	232	− 5	242	158

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 18	Sept. 5	Nov. 20	Dec. 1
Sept. 8	Sept. 19	Dec. 4	Dec. 15
Sept. 22	Oct. 3	Dec. 18	Dec. 29

For rate indications see end of Share Information Service

Money was given for the call in Charterhouse Petroleum, Coral Leisure, P & O Deferred, Homfray, Ladbroke, BSR, Lasmo, Carless Capel, Lonrho, FNFC, United City Merchants, Plessey and Dares Estates. Puts were arranged in Land Securities, Hawker Siddeley, British Home Stores, GUS A and Marks and Spencer, while doubles options completed included Plessey, Silvermines, Coral Leisure and Mersey Docks Combined Units.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. Aug. 15 US$39.77
Murray Fund Aug. 15 US$18.75
Pacific Fd. July 31 US$4.64

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund [illegible]

Singer & Friedlander Ldn. Agents.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	51.2	55.0	-0.7	2.64
Abbey Capital	41.3	44.6	-0.9	5.49
Abbey General	52.0	56.2xd	-1.2	5.59
Abbey Gilt & F.I. Tst.	109.3	115.0	-0.8	11.90
Abbey Income	34.3	37.1	-0.4	9.33
Abbey W'Wide Bd Tst.	93.3	98.7	+0.5	6.79
Abbey Inv. Tst. Fnd.	45.7	49.4xd	-0.2	5.14
Equitas Prog. Trust	78.9	05.3	-1.5	5.05

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	89.8	93.6xd	-0.2	12.95

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	83.1	88.9xd	-1.4	5.96
Brit. Inds. Fund	75.4	80.7	-1.0	6.44
Growth & Income	46.8	50.1	-0.8	5.55
Elect. & Ind. Dev.	42.3	45.3	-0.6	5.41
Allied Capital	89.1	95.3	-1.6	4.67
Hambro Fund	129.1	138.1	-2.2	6.29
Hambro Acc. Fund	163.5	174.9	-3.1	5.15
Income Funds				
High Yield Fd.	64.1	68.6xd	-0.6	10.06
High Income	77.4	82.8	-1.0	7.61
A. H. Eq. Inc.	43.7	46.8xd	-0.4	7.76
Govt. Secs.	25.2	25.9	-0.3	12.28
International Funds				
International	31.6	33.8	-0.3	3.20
Pacific Fund	54.0	57.8	-0.4	2.15
Secs. Of America	63.7	68.2	-0.5	2.64
Specialist Funds				
Smaller Co.'s Fd.	51.4	55.0	-0.3	4.64

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	68.2	71.7	....	4.07

For Cosmopolitan see Chieftain Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
40 Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.3	39.7xd	-0.2	11.38
North American	53.0	57.1	-0.5	3.00
Canadian Exempt*	63.4	66.7	....	3.55
Canadian Trust	59.7	64.5	-0.5	2.80
Mid Mount High Inc.*	48.4	51.2xd	....	9.43
Recovery	54.7	59.7	-0.5	7.23
Gilt Trust	41.9	43.9xd	-1.2	13.19

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	32.8	35.4	....	1.06
Cres. Internat'l.	66.6	71.9	-0.1	2.43
Cres. High. Dist.	41.9	45.2	....	10.67
Cres. Reserves	48.7	52.5xd	-0.8	5.62
Cres. Tokyo	21.6	23.3	+0.1	1.00

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.5	....	11.90

Discretionary Unit Fund Managers
Bilbao Hse, 36/38 New Broad St, EC2M 1NU.
01-638 4485

Disc. Inc. Aug. 8	220.9	236.4	....	5.52

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.1	18.8xd	....	7.60
Gt. Winchester O'seas	23.7	26.1	....	4.22

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	82.0	88.2	....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	84.1	88.5	-1.6	4.93

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	28.0	30.2	-0.3	1.12
Gilt + Fixed Int.	25.1	26.5	-0.1	12.46
Growth + Income	30.9	33.2	-0.4	7.34

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.B. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	$155.4	157.48	....	1.41

Next dealing Sept. 1.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$12.79	—	....	—

Net asset value Aug. 25.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.17	10.19xd	....	10.02
AHR Gilt Edg. Fd.	£11.74	11.79xd	-0.06	13.22

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.. ACMI, 319 High Holborn WC1. 404 0377
Daily drs.: Aug. 26 0.000233 (8.9% p.a.)

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

East & Intl. Tst. (CI)	118.0	130.0	+3.0	2.88

Dealing day Thurs.

Gov't Secs. Tst. (CI)	81.6	85.9xd	-0.5	14.05

Daily Dealings.

Sterling Fd.	114.6	114.7	....	—

Dealing on Wed.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	US$107.65	108.19	....	9.24

Prices at Aug. 21. Next sub. day Aug. 27.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

RentaFund	US$57.99	59.80	....	8.91

Continued on previous page

CTL

The British computer systems and software company

Telephone Hemel Hempstead 0442-3272

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100⅛	99⅛	Exchequer 13pc 1980‡‡	99⅞	+⅛	13.09	13.13
99⅝	96¾	Treasury 11½pc 1981‡‡	98⅞	–⅛	11.68	15.50
96	90¼	Treasury 3½pc 1979-81	95⅞	......	3.65	12.84
97⅞	93½	Treasury 9¾pc 1981‡‡	97⅜xd	–⅛	10.01	14.86
96¼	91¼	Exch. 8¼pc 1981	95⅞	–⅛	8.55	14.64
96⅞	92¼	Exch. 9½pc 1981	96⅛	–⅛	9.83	14.03
93¾	85½	Exch. 3pc 1981	93½	–⅛	3.29	9.97
99½	96½	Treas. Variable '81‡‡	98⅝	–⅛	13.51	16.57

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1980 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
91	82¼	Aust. 5½pc '81-82	89¾	......	6.32	14.94
85¾	72½	Do. 6pc 1981-83	83	–¼	7.36	13.11
67	58	N.Z. 7½pc 1988-92	64½	......	11.44	13.53
81½	72	Do. 7½pc '83-86	79½	......	9.62	13.00
96¾	88	Sth. Africa 9½pc '79-81	96	+¼	10.22	16.20
160	95	S. Rhod. 2½pc Non-Ass.	98	......	—	29.86
169	133	Do. 6pc '78-81 H.-As.	143	......	—	29.21

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

1980 High	Low	Stock	Price	+ or –	Div. Gross	C'vr	Y'ld Gr's
22⅞	12¾	Hollinger $5	22¾	......	$2.29	—	3.7
11⅛	850p	Hudson's Bay Il	980pxd	......	$1.20	—	4.6
14¼	925p	Hud.B.Oil G. $2½	13¾	......	h57½	—	1.6
21¾	15¼	Imperial Oil	15½	–¼	$1.40	—	5.4
14	855p	Inco	10⅜	–⅛	72c	—	2.6
565p	425p	Int. Nat. Gas $1	545p	......	$1.09	—	6.9
495p	265p	Massey Ferg.	350p	–13	—	—	—
200p	100p	Place Gas $1	102p	–6	—	—	—
14¾	10⅝	Rio Algom	12⅞	+⅛	$1.50	—	4.6
20	14½	Royal Bk.Can. $2.	19⅜	–¼	$2.56	—	5.0
25½	13¾	Seagram Co. C$1	24⅛	......	$US1.10	—	2.1
12	890p	Tor. Dom. Bk. $1.	11⅜	......	$1.36	—	4.5
10½	815p	Trans Can. Pipe	880p	......	$1.16	—	5.0

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Contd.

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

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[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

a fully integrated banking service

DAIWA BANK

Head Office: Osaka, Japan

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

180	78½	Anglo-Dominion	145	−2	—	—	—
97	52	Barymin	63	−2	—	—	—
17	12	Burma Mines 10p	14	+½	0.62	1.1	6.4
172	53	Colby Res. Corp.	168	......	—	—	—
502	285	Corp. Murch. 10c.	300	......	MQ10c	1.8	19.1
180	95	††Hemerdon 10c.	95	......	—	—	—
585	325	Northgate C$1	370	+10	—	—	—
485	327	R.T.Z.	460	−10	15.0	3.2	4.7
33	16	Robert Mines	24	+1	—	—	—
112	93	††SPO Minerals 10p	93	......	—	—	—
58	26	Sabina Inds. C$1	27	−2	—	—	—
51	31	††SWCM 10p	31	−3	—	—	—
650	411	Tara Exptn. $1	510	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ǁ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. x Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

[illegible]

OPTIONS

3-month Call Rates

[illegible]

Glaxo	18	Sears	3	Ultramar	35
Grand Met.	12	Tesco	6		
G.U.S. 'A'	34	Thorn	23	Mines	
Guardian	23	Trust Houses	12	Charter Cons.	14
G.K.N.	20	Tube Invest.	23	Cons. Gold	40
Hawker Sidd.	15	Unilever	40	Lonrho	8
House of Fraser	15	U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

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FINANCIAL TIMES
Friday August 29 1980

BELL'S
SCOTCH WHISKY
BELL'S

TUC General Council asks Mrs Thatcher for meeting

BY CHRISTIAN TYLER, LABOUR EDITOR

MRS. THATCHER will be asked to meet the General Council of the TUC after its annual congress in Brighton next week for the first time since she took office.

The General Council decided yesterday to request a meeting in order to register its dismay at the level of unemployment which has now reached 2m. and to demand immediate action to "tackle the crisis facing the nation."

If, as seems likely, the TUC's request is granted, the meeting will assume considerable political importance. Mrs. Thatcher, given her statement on Wednesday when the jobless total was published, is unlikely to be deflected from her chosen path as the TUC insists she must be.

But she now has an opportunity to demonstrate that the Government recognises the TUC's importance as the largest extra-parliamentary pressure group in the country, and to be seen talking directly to a large cross-section of trade union leaders.

Mrs. Thatcher met members of the TUC economic committee shortly after the General Election last year, but since then her contacts with union leaders have been confined mainly to formal encounters at the National Economic Development Council.

Mr. Len Murray, TUC general secretary, made it clear yesterday that there was no question of the TUC doing a deal on wages or in any way accepting the Government's argument that inflated wage demands were a major cause of the present wave of redundancies.

"We are not in the business of accepting a policy, whether statutory or voluntary, on pay restraint from this Government," he said.

But Mr. Murray repeated his invitation to the Government to throw open the whole economic agenda—in which case talks might have some substance.

The TUC will debate next week whether to commit itself to some form of incomes planning with a future Labour Government. There is probably majority support for this in the General Council, but the 1,200 delegates may not reflect that view.

Mr. Murray said the Prime Minister would be "extremely stupid" to refuse the TUC's request. It was, he agreed, an exceptional one. "But then these are exceptional circumstances."

The idea for a summit meeting with the Prime Minister was tabled by Mr. David Basnett, chairman of the TUC economics committee, who said yesterday: "Congress next week will overwhelmingly condemn this Government for the tragedy it is causing by its misguided and mistaken economic policies. We want the opportunity to tell the Prime Minister that to her face."

The 41 general councillors will go to Number Ten armed with a series of demands for an alternative economic strategy reinforced by the delegate conference. These are likely to include import controls, more industrial aid and more public spending. They are some of the measures the TUC sees as necessary to halt the decline of British manufacturing industry.

Richard Evans writes: There was no immediate response from Downing Street to Mr. Murray's call for a meeting with the Prime Minister as a formal request had not been received last night.

The supposition was that Mrs. Thatcher would be willing to meet a delegation next month while making it clear that there was no prospect of a reversal of Government policy.

The Prime Minister would be accompanied at such a meeting by senior colleagues including Mr. James Prior, Employment Secretary, Sir Keith Joseph, Industry Secretary, and Sir Geoffrey Howe.

Redundancies round-up Page 6

Pay deal at Times likely today

By Pauline Clark, Labour Staff

THE JOURNALISTS' pay dispute at The Times appeared virtually to be over last night when management formally tabled an offer which the strikers' leaders will this morning recommend for acceptance. The dispute has stopped production of the newspaper since last Friday.

If the deal is endorsed by the 280-strong Times chapel (office branch) of the National Union of Journalists, and their leaders were confident last night that it would be, the paper could be back on news-stands tomorrow.

The management said yesterday that "strenuous efforts" would be made to produce a Saturday edition. The journalists' stoppage led to management warnings earlier in the dispute that the paper's future was being put at risk after losses incurred by the 11-month suspension of production in 1978-1979.

The journalists, who demanded that the management meet a 21 per cent pay recommendation made by an independent arbitrator, will be presented with an 18-month deal.

The proposed deal would not conflict with the company's 18 per cent "cash limits." It would give the journalists £1,000 each from their pay settlement date in July and another 12.5 per cent from October.

In addition, another £675 would be paid across the board from July next year. The deal is formulated to keep the year-on-year increase to 18 per cent while allowing the recommendation of the arbitrator to be awarded in full from October.

The formal offer management made yesterday was said to be similar to proposals put to the journalists' leaders on Tuesday, which they had indicated they were ready to accept.

But delays in putting the offer in writing followed discussions with the Thomson board, and this led to alternative proposals being put to the journalists yesterday morning.

The journalists walked out from yesterday morning's meeting claiming that attempts had been made to reduce the size of the previous offer.

The management said, however, that there had been "a misunderstanding." Changes had been proposed in distribution of the offer, which did not affect the size of the package.

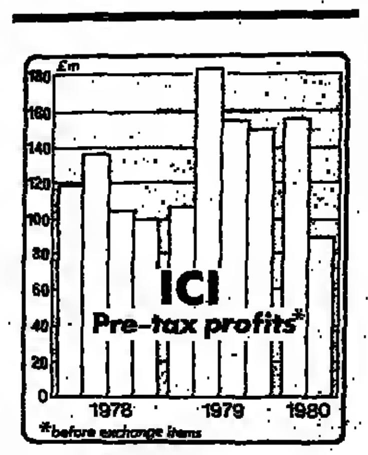
Yesterday's meetings between the two sides also involved Mr. Ken Ashton, general secretary of the NUJ. The NUJ backed the strike officially last week. The meetings followed the previous day's announcement of a £6.4m trading loss for the first six months of this year by Times Newspapers.

THE LEX COLUMN

ICI joins the sick list

The equity market's nervousness about the ICI figures turned out well justified, and at one stage yesterday the FT 30-Share Index was showing a fall of 11 points. Gilt-edged, meanwhile, saw more scattered selling, and Treasury 13 per cent 2000, on which a £31 call is due today, has now—stripping out accrued interest—fallen more than nine points from its peak in mid-July.

Index fell 8.8 to 482.7



ICI

The collapse of ICI's profits in the second quarter has proved more spectacular even than the gloomiest predictions. Before exchange losses, pre-tax profits have fallen by more than half from the level of a year ago to £89m; so in spite of the excellent first three months, first half profits are down by 15 per cent to £245m. The decline has been far greater than that experienced by other international chemical majors; and once the contribution from Ninian oil is stripped out second quarter profits are only a third of the level a year ago.

In common with the rest of the chemical industry, ICI has been hit by a drop in volume and a fierce squeeze on prices. UK sales volume in the second quarter, ex-oil, is 14½ per cent lower than in the same period of 1979, while continental Western Europe has seen a 7½ per cent drop. Better performances in Canada and Australia have not been enough to prevent volume overall dropping by 5½ per cent. The bulk of the decline has been in petrochemicals and plastics, and ICI's high proportion of secure supplies of naphtha—a great boon in 1979—has left it unable to take advantage of the softening of the spot price. Among the other divisions doing badly are organics and fibres, which even last year made a trading loss of £33m.

In addition, ICI has been suffering the familiar effects of the strong pound and rapid cost inflation. The pay increase of 16 per cent from June will raise the third quarter wage bill by £25m. Meanwhile, although customer destocking seems to have passed its worst in the more resilient sectors—agriculture, pharmaceuticals and paints—elsewhere the decline in demand seems to have gained pace. So, while it is a foregone conclusion that the third quarter figures will be ghastly, it may well be that even the last quarter will not show much recovery.

So pre-tax profits may be no better than £400m this year, against £560m, in spite of oil earnings of a good £100m. Last year the dividend was barely covered on an SSAP 16 basis, and with current cost adjustments running at the same magnitude this year, a maintained dividend might well be uncovered even under ICI's individual brand of inflation cost accounting, which uses a more generous gearing adjustment. Without oil the directors might well have been considering whether they could afford to hold the dividend—which is unchanged for the first time in eight years. The share price fell 6p yesterday to 354p, producing a yield of 9½ per cent.

Plessey

The Plessey share has been a spectacular performer this year. Last night's price of 236p compares with a year's low of 108p — a rise of 118½ per cent, whereas the 30-Share Index is only 18½ per cent above its low point for 1980. Plessey has shared in the general excitement of the electrical sector, which investors have decided is recession-proof, and has enjoyed a substantial re-rating of its own, based on the profit figures for the second half of 1979-80.

These suggested that the group was at last beginning to achieve the sort of return that it had long promised but never delivered; and the first quarter figures for the current year, covering the three months to June, confirm the impression that Plessey's profits have taken a sort of quantum jump.

Pre-tax profits are up from £13.2m to £18.6m, and although £2m or so of the increase may be accounted for by loss elimination (from the absence of Garrard, old Strowger contracts and the Portuguese business) there is a charge of roughly the same amount above the line for redundancies. Even if Plessey's unpredictable habit of charging provisions to the profit and loss account makes it hard to be confident about the underlying quarterly trend, since the provisions are not revealed until the year-end balance sheet, there has undoubtedly been a major improvement.

Volume sales are up more or less across the board, and the order book, in sharp contrast to the general plight of manufacturing industry, shows a 37 per cent rise in value terms on the level of a year ago, and now stands at over £1bn. As in the final quarter of last year, the contribution from the telecommunications main exchange business has been a decisive factor in the profits rise. Deliveries here are well up, and operating profits have risen from £2m to £5½m. And then Plessey's stronger cash flow has allowed it to repay some more debt since the financial year end, so the net interest charge is slightly down.

Plessey may be on course for £72m (against £60m) pre-tax for the year as a whole, which on a 35 per cent tax charge would give earnings of roughly 20p a share — and a p/e of 12 does not sound unreasonable. But even with this sort of improvement, the group may still not cover its dividend with current cost earnings this year, and its capital spending is barely high enough to preserve the value of its assets in real terms. Plessey may be a changed animal, but it is not yet — with all the help in the world from the Post Office — an entirely convincing growth stock. The historic yield is 4.2 per cent.

Falling profits

Falling profitability is not just a UK phenomenon, and the international trends are graphically illustrated in the latest issue of "British Business." As might be expected, UK industry comes out badly on most of the comparisons in terms of return on capital and the share of its profits in value added. But although starting from a higher base, the long-term declines in countries like Germany have been very steep as well. The figures run up to 1978, since when the cost of capital has increased sharply in many countries and profit margins have been increasingly squeezed. Something has to give, and the rising numbers of unemployed show where the pressures are most acute.

Union probes 'vote rigging'

By John Lloyd, Labour Correspondent

ALLEGATIONS of serious irregularities in voting for the post of general secretary of the 130,000-strong Boilermakers' Society are being examined by the union's executive.

The election, arising from the retirement at the end of this year of Mr. John Chalmers, general secretary, attracted five candidates. Three of these were eliminated in the first ballot.

The second ballot was a two-man contest between Mr. James Murray, chairman of the executive and its member for Scotland, and Mr. Barry Williams, the delegate for the union's Merseyside and North Wales district, who is a member of the Communist Party.

The second ballot, held at the June meetings of the union's branches around the country, gave Mr. Murray 2,031 votes against Mr. Williams' total of 1,903—a majority of 128. The total number of votes cast represents about 3 per cent of union membership.

Supporters of Mr. Williams, however, have made allegations of widespread irregularities. These include falsification of numbers of votes.

Mr. Williams said yesterday that between 15 and 20 complaints of separate incidents had been received by the secretary of his branch (Liverpool 2) and had been forwarded to the executive at the union's Newcastle headquarters.

It is believed supporters of Mr. Murray have also made complaints, alleging that Mr. Williams was ineligible to stand because of inadequate information given in his application for the post. Mr. Williams yesterday dismissed these complaints as groundless.

Mr. Chalmers, who is in Brighton for the pre-Congress meeting of the TUC's general council, said yesterday that he could make no comment.

He would not say whether the executive had reached a decision on which candidate should be judged the winner, or if it still had the issue under review.

Under the union's rules for disputed elections the executive may declare either Mr. Murray or Mr. Williams the outright winner.

The loser may then appeal against the decision to the union's general council. This comprises eight lay members and two executive members.

French prices jump by 1.5 per cent in July

BY ROBERT MAUTHNER IN PARIS

FRENCH PRICES jumped by 1.5 per cent in July, the biggest monthly rise for more than six years apart from an exceptional increase of 1.9 per cent this January following the previous month's large oil price rises.

The July price figures were particularly disappointing given the encouraging slowdown in inflation the previous month, when the cost of living index rose by only 0.6 per cent. But it was not entirely unexpected, because sharp increases in public sector prices, including railway fares, Paris public transport charges and tobacco duties, were bound to have an adverse effect on the general index.

M. Rene Monory, the Economics Minister, said that last month's figures—which sent the 12-month rate of inflation up to 13.6 per cent—did not invalidate the official prediction that inflation would slow down regularly from now until the end of the year.

He added that the Government had completed its policy of making public corporations stand on their own feet by raising their prices, and so allowing the authorities to reduce the subsidies on which they were previously overdependent. M. Monory made it clear that no further increases in public sector prices would be authorised until the end of this year at the earliest, and probably not before the Presidential election, due in April and May next year.

The worst hit area in July alone was the services sector, in which prices rose by 2.4 per cent last month. Since the previous July, however, prices in that sector had risen by only 13.2 per cent. By contrast, though manufactured goods prices rose by only 1.2 per cent in July, they jumped by 16.7 per cent since July, 1979. Food prices rose by 1.1 per cent last month and by 9.5 per cent over the previous year.

The disappointing price figures, did not discourage President Giscard d'Estaing from heaping praise on the head of M. Raymond Barre, the Prime Minister, who has been the architect of the country's economic policy since his appointment in August, 1976.

Shell and BP refinery workers threaten action over pay

BY NICK GARNETT, LABOUR STAFF

SHELL and BP were warned by national officials of the Transport and General Workers' Union yesterday that unless they disregarded Government and CBI advice on the level of pay settlements in the new wage round the two oil companies faced the prospect of co-ordinated industrial action by their refinery workers.

Mr. John Miller, the union's national secretary for oil and chemicals, said he would be calling a meeting in October of union representatives from the companies' refineries.

This would consider industrial action unless BP and Shell clearly showed they were negotiating free of "constraints."

Mr. Miller, who met Shell refinery shop stewards yesterday, was reacting to a 10 per cent offer—to be reviewed in March—made by BP to its refinery process workers at Grangemouth, Scotland.

BP said that the Grangemouth offer was related solely to its marketing position, which, along with that of other companies, had deteriorated as a result of the recession.

Shop stewards, who have been mandated to seek rises of more than 20 per cent, have accused the company of bowing to CBI and Government pressure.

Shop stewards at BP Grangemouth discussed the position earlier this week with Shell refinery shop stewards who are in the process of fixing their claim.

BP refinery shop stewards have also been in touch with Texaco shop stewards at Texaco's Milford Haven refinery which also has a settlement date in the September-October period.

This followed contacts between Mr. Neil Bonar, senior transport union shop steward at BP Grangemouth, and union representatives of BP's tanker drivers who are seeking similar rises but with a November settlement date.

It is thought that some oil company managements might have been attracted to the idea of maintaining or improving their standing with the Government by making pay offers in line with ministers' advice.

London-Scotland £20 by BCal

BY LYNTON McLAIN

BRITISH CALEDONIAN Airways yesterday announced plans for a £20 single offpeak standby fare between London and Glasgow in an attempt to win passengers from British Rail and car transport.

The new fare, part of a package of proposed cuts in London-Scotland fares unveiled by BCal yesterday, is 58 per cent cheaper than the current BCal peak fare of £49 single and will cost £5.60 less than British Rail's ordinary single ticket and less than the cost of petrol for a medium saloon car over the same distance.

BCal's proposals, which need the approval of the Civil Aviation Authority, follow other recent reductions on domestic air fares: British Midland Airways cut £10 off its Gatwick to Belfast return at the start of this month, bringing it down to £66, and British Airways responded by introducing a range of cut-price and excursion tickets on the same route. BCal itself launched a £20 single standby fare on the London-Edinburgh route.

The airline's new Scottish fares come into effect, if approved by the Civil Aviation Authority, on November 1, and form one element of a campaign by BCal to bring its European Mini Prix low fare structure to UK domestic routes.

FT conference Page 6

Weather

UK TODAY

Cloudy, some rain at times.

London, S.E., C.S., E., S.W., C.N., N.E. England, E., W. Midlands, E. Anglia, Channel Islands, Borders

Cloudy, rain at first, brighter later Max. 21C (70F).

S., N. Wales, N.W. England, Lake District, Isle of Man, S.W. Scotland

Bright intervals, perhaps rain at times. Max. 19C (66F).

Ulster, N.W., N.E. Scotland, Central Highlands

Cloudy, showers or rain at times. Max. 13C (5F).

Outlook: Changeable, rain chiefly in the North. Sunny intervals.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	25	77	Lisbon	S	29	84
Algiers	S	30	86	Locarno	C	20	68
Amsdm.	C	18	64	London	C	19	66
Athens	S	30	86	Luxmbg.	F	22	72
Bahrain	S	36	97	Luxor	S	39	102
Barcina.	F	27	81	Madrid	S	28	82
Beirut	F	30	86	Majorca	S	29	84
Belfast	C	17	63	Malaga	S	27	81
Belgrd.	F	27	81	Malta	F	30	86
Berlin	S	15	59	M'chstr.	C	17	63
Biarritz	C	23	73	Melbne.	C	17	63
Bmghm.	F	19	66	Milan	C	21	70
Blackpl.	F	17	63	Mntreal	S	14	57
Bordx.	C	22	72	Moscow	S	13	55
Boulgn.	C	18	64	Munich	F	23	72
Bristol	F	20	68	Nairobi	C	22	72
Brussels	C	18	64	Naples	F	21	70
Budpst.	S	25	77	Nwcstl.	C	17	63
B. Aires	S	18	64	N. York	S	25	77
Cairo	S	34	93	Nice	F	23	73
Cardiff	F	18	64	Oporto	S	22	72
Cas'b'ca	S	24	75	Oslo	R	14	57
Cape T.	S	19	66	Paris	F	24	75
Chicago	C	27	81	Perth	C	19	66
Cologne	S	23	73	Prague	F	20	68
Cpnhgn.	F	18	64	Reykjvk.	S	10	50
Corfu	S	29	84	Rhodes	S	27	81
Dublin	C	18	64	Rio J'o	C	23	73
Dbrvnk.	F	26	79	Rome	F	25	77
Ednbgh.	F	19	66	Salzbrg.	F	22	72
Faro	S	28	82	Singapr.	C	31	91
Florence	C	27	81	Stckhm.	F	13	55
Frankft.	F	22	72	Strasbg.	F	21	70
Funchal	F	26	79	Sydney	F	19	66
Geneva	C	19	66	Tangier	S	25	77
Gibraltar	S	28	79	Tehran	S	34	93
Glasgow	C	16	61	Tel Aviv	S	29	84
G'rnsey	F	18	64	Tenerife	F	23	73
Helsinki	F	14	57	Tokyo	C	28	79
H. Kong	C	31	91	Toronto	C	15	59
Innsbrk.	C	24	75	Tunis	C	25	77
Invrnss.	C	17	63	Valencia	S	32	90
Istanbul	F	25	77	Venice	F	26	79
Jersey	F	18	64	Vienna	F	25	77
Jo'burg	C	17	63	Warsaw	F	21	70
L. Plms.	S	25	77	Zurich	C	20	68

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Continued from Page 1

ICI profit

both been unaffected by the recession. Some of its overseas operations, notably in Canada and Australia, had also held up well.

ICI said the "severe drop" in profits from its basic chemicals in Western Europe had been partly caused by destocking.

It did not yet know whether destocking had started to level off.

The group's greatest fear is that part of the drop in demand for its products may be the result of some of its customers going out of business permanently rather than simply destocking. The danger of this happening increased the longer the recession lasted, it said.

Some of ICI's petrochemical plants are now running at only 40 per cent of their production capacity as the group tries to match the continuing fall in demand. Others have been temporarily shut.

Yesterday, ICI said its basic chemicals business in Europe was still being hit by cheap imports from the U.S. At the same time, it expected to "have to work pretty hard" to hold on to its export markets in the face of the strong pound.

ICI shares closed at 354p, down 6p, after dropping to 344p at one stage.

Continued from Page 1

Public spending

will be quickly overtaken by expansionary influences, mainly a lower rate of inflation, reduced interest rates and increased output.

The institute's forecasts are, however, likely to be analysed closely. In particular, there is some comfort for the Government in the projection that public sector borrowing should be £9bn in 1980-81, lower than most City estimates, and only slightly above the £8½bn Budget forecast.

Borrowing should drop to £6.2bn as the adverse effects of the recession should be offset by increased North Sea oil revenues and by the impact of higher nationalised industry prices.

Although the demand for bank credit is expected to slacken eventually in response to the recession, the review can offer only the prospect of a cut in Minimum Lending Rate from the present 16 per cent to possibly 13 per cent by the end of 1981.

The forecasts are generally gloomier than the last projections in May, although the institute remains slightly more optimistic than for example, the monetarist London Business School because it projects a small rise in output and consumer spending next year.

The institute may not, however, be gloomy enough about unemployment

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